

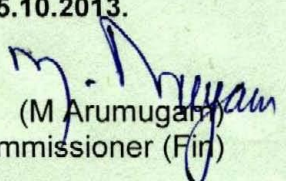
**KENDRIYA VIDYALAYA SANGATHAN  
(Audit Section)**

F.110225/69/2012/KVS(HQ)

01.10.2013

**SUBJECT: INTERNAL AUDIT MANUAL – REG.**

The Preparation of internal audit manual for Kendriya Vidyalaya Sangathan was outsourced to FMRRS, New Delhi. The draft internal audit manual prepared by FMRRS is uploaded in KVS website for the information of all stake holders with the request that comments on it may be sent to the undersigned by e mail at [auditsection.section@gmail.com](mailto:auditsection.section@gmail.com) by 15.10.2013.

  
(M Arumugam)  
Joint Commissioner (Fin)

## GLOSSARY OF ABBREVIATIONS

ACRONYM	EXPANDED FORM
A/C	Account
AMA	Authorized Medical Attendant
AMC	Annual Maintenance Contract
BS&G	Bharat Scouts and Guides
CAAT	Computer Assistant Audit Techniques
CAG	Comptroller and Auditor General
CAO	Chief Accounts Officer
CBSE	Central Board of Secondary Education
CCS (GPF)	Central Civil Services ( General Provident Fund )
CCS (RP)	Central Civil Services (Revised Pay)
CGEWCC	Central Govt. Employees Coordination Committee
CPO	Central Purchase Organisation
CPWD	Central Public Works Department
CTR	Central Treasury Rules
CWO	Chief Welfare Officer
DA	Daily Allowance
DC (F)	Deputy Commissioner (Finance)
DCRG	Death Cum Retirement Gratuity
DDO	Drawing and Disbursing Officer
DGS&D	Director General of Supply and Disposal
DOPT	Department of Personnel and Training
Dy.	Deputy
e.g.	Example Gratia
EGIS	Employees Group Insurance Scheme
etc.	Extra
Fin.	Finance
GFR	General Finance Rules
GOI	Govt. of India
GPF	General Provident Fund
GS	Government Servant
HBA	House Building Advance
HOD	Head of Department
HOO	Head of Office

HQ	Head Quarter
HRA	House Rent Allowance
HRD	Human Resource Development
IA	Internal Audit
IO	Inspecting Officer
ISI	Indian Standard Institute
IT	Information Technology
JC (F)	Joint Commissioner (Finance)
JS	Joint Secretary
JS (SE)	Joint Secretary ( Secondary Education)
KVS	Kendriya Vidyalaya Sangathan
LTC	Leave Travel Concession
MCA	Motor Car Advance
MES	Military Engineering Services
MHRD	Ministry of Human Resources Development
MOS	Minister of State
NCC	National Cadet Corps
NCERT	National Council of Educational Research and Training
NIQ	Notice Inviting Quotation
NIT	Notice Inviting Tender
NPS	New Pension Scheme
OTA	Over Time Allowance
P.A.	Performance Audit
PBR	Pay Bill Register
POL	Petrol Oil Lubricant
PRAN	Permanent Pension Account Number
PSU	Public Sector Undertaking
PWD	Public Works Department
R & P	Receipt and Payment
RO	Regional Offices
SAI (CAG)	Statutory Auditor of India (Comptroller Auditor General)
SBI	State Bank of India
SC	Scheduled Caste
SCB	Sports Control Board
SE	Secondary Education
SE&L	Secondary Education and Language
SGFI	Students Games Federation of India

SR	Supplement Rules
ST	Scheduled Tribe
T.V.	Television
TA	Travelling Allowances
TIN	Tax Invoice Number
Trg.	Training
UBI	Union Bank of India
UT	Union Territory
VMC	Vidyalaya Management Committee
VVN	Vidyalaya Vikas Nidhi
WEF	With Effect From
ZIET	Zonal Institute of Education & Training

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## **PREFACE**

Internal Audit has been recognized as an aid to management for monitoring performance and assessing effectiveness in the execution of different programs, schemes and activities. It also provides management an independent objective assessment of the functioning of offices/unit and assists in improving the efficiency, effectiveness and economy of the organization.

The Scheme of Kendriya Vidyalaya (Central Schools) was implemented from the academic year 1963-64, pursuant to the recommendations of the Second Central Pay Commission. The primary aim of the Kendriya Vidyalaya Sangathan is to provide, establish, endow, maintain, control and manage the Central Schools (Kendriya Vidyalayas) located over India and abroad. The Government of India wholly finances the Sangathan.

The Sangathan did not so far have an Internal Audit Manual to guide officers of the Organization to carry out audit studies. The application of this Manual which has been produced with the assistance of Financial Management Research and Resource Society (FMRRS) fulfils this long-felt need. It is expected that with the publication of this Manual, the officers of the Sangathan entrusted with internal audit duties will conduct more systematic studies.

I would like to thank the FMRRS who have completed the task of bringing out Internal Audit Manual for the Kendriya Vidyalaya Sangathan in a short span of time. This Manual however is supplementary to the various Rules, Regulations, Codes and other instructions issued from time to time by the Kendriya Vidyalaya Sangathan, which alone should be quoted as “authority” for transaction of work connected with the affairs of the Sangathan.

**June, 2013**

**Avinash Dikshit, IDAS  
Commissioner, KVS (HQ)**

## **CHAPTER - 1**

### **INTRODUCTION**

## **1.1 Formation of Kendriya Vidyalaya Sangathan (KVS)**

The Scheme of Kendriya Vidyalayas (Central Schools) was approved in November 1962 by the Govt. of India on the recommendations of the Second Central Pay Commission. It recommended that the Government should develop a scheme to provide uninterrupted education to the wards of transferable Central Government employees. Consequently, Central School Organization was started as a unit of the Ministry of Education (now Ministry of Human Resource Development ) of the Govt. of India. Therefore, the Kendriya Vidyalaya Sangathan was registered as a Society under the Societies Registration Act, 1860 (XXI of 1860) to provide establish, endow, maintain and manage Kendriya Vidyalayas with the object of catering to the education needs of the children of the transferable employees of the Government of India, Government of India Undertaking/ Autonomous bodies, State Government employees, and floating population. Kendriya Vidyalaya Sangathan also runs some Vidyalayas on behalf of the Public Sector Undertakings for the purpose. During the academic year 1963-64, 20 Regimental Schools functioning at places, having large concentration of defence personnel, were taken over the number of which, over the years, have increased to 1100 approximately.

## **1.2 Mission**

The Kendriya Vidyalayas have a four fold mission, viz.,

1. To cater to the educational needs of the children of transferable Central Government employees including Defence and Para-military personnel by providing a common programmer of education;
2. To pursue excellence and set the pace in the field of school education;
3. To initiate and promote experimentation and innovations in education in collaboration with other Bodies like the Central Board of Secondary Education (CBSE) and the National Council of Educational Research and Training (NCERT) etc. and
4. To develop the spirit of national integration and create a sense of “indianness” among children.

## **1.3 Generation of funds**

The Sangathan is financed mainly by Grants-in-Aid from the Government of India through Ministry of Human Resource Development, Deptt. of School Education & Literacy. The Sangathan also receives

Grant from other sources for specific activities and from Public Sector Undertakings to run the Kendriya Vidyalayas on their behalf.

#### **1.4 Accounts**

The Accounts of the Sangathan are decentralized and maintained at three stages. Primary accounts are prepared at school levels which are consolidated at the Regional Office level and final consolidation is done at Headquarter of the Sangathan in New Delhi.

#### **1.5 Audit**

An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of financial statements. The Internal Audit Branch of the Sangathan is responsible for the internal audit of its accounts at the Vidyalayas and Regional Offices levels and operates both from the Hq. office and Regional Office. It functions under the overall supervision of Joint Commissioner (Fin.).

The audit of the accounts of the Sangathan (including Kendriya Vidyalayas and Regional Offices) is being carried out by the Director General of Audit, Central Revenues, New Delhi as Principal Auditor and other State Accountants General as a sub-auditors in terms of section 20(1) of the Comptroller & Auditor General (Duties, Powers & Conditions of Service) Act 1970 on payment of prescribed audit fee.

## **CHAPTER - 2**

### **ORGANIZATIONAL SET-UP**

2.1 Kendriya Vidyalayas have an effective and well-knit organizational set-up. The Kendriya Vidyalaya Sangathan shall function through its General Body called the Sangathan, its Board of Governors and Standing Committees constituted by the Board.

## 2.2 **BOARD OF GOVERNORS**

The Hon'ble Minister of Human Resource Development as the Chairman heads the General Body of Kendriya Vidyalaya Sangathan and the Board of Governors, The Minister of State in the Ministry of Human Resource Development works as the Joint Chairman. The Board of governors comprises educationists educational administrators and members of Parliament.

The list of members of the Board as on 29.01.2013 is given in (**Annexure-2.1**)

## 2.3 **FUNCTIONS AND POWERS OF THE BOARD OF GOVERNORS**

(i) The Board of Governors is the Executive body through which the Sangathan discharges its responsibilities to fulfill the objectives of the Sangathan as set forth in the Memorandum of Association.

(ii) The Board shall be responsible for the Management of all affairs and funds of the Sangathan and shall have the authority to exercise all the powers of the Sangathan.

(iii) The Board of Governors, as per rules and regulation of the Sangathan, may appoint Advisory Boards or other Committee or bodies including local Management Committees for schools with such powers as it may think fit. In pursuance thereof the Board of Governors have formed the following four Standing Committees viz., Finance Committee, Works Committee, Administration & Establishment Committee and Academic Advisory Committee The functions and powers of these Committee in brief, are as under:

## 2.4 **ACADEMIC ADVISORY COMMITTEE**

To advise about the academic and co-curricular programmes of Kendriya Vidyalayas - to help in preparing guidelines for implementation of these programmes - to help Kendriya Vidyalayas realize, among others, the objectives of the Sangathan, viz., to develop the Vidyalayas as "Schools of Excellence" in the context of the National goals of education - to promote national integration and to review publication programmes and suggest improvements. (**Annexure-2.2**)

## 2.5 **FINANCE COMMITTEE**

To scrutinize the accounts and budget estimates of the Sangathan - to consider and make recommendation to the Board for new expenditure on account of major work - to scrutinize re-appropriation statement and audit notes and to review the finances of the Sangathan besides getting concurrent audit conducted. (**Annexure-2.3**)

## 2.6 **ADMINISTRATION & ESTABLISHMENT COMMITTEE**

To advise the Sangathan about the policies to be introduced on the administrative and establishment matters - to prepare guidelines in matters of e-governance, settlement of grievances and monitoring of other redressal machinery - to bring about effective coordination among the various units of organization at various levels. (**Annexure-2.4**)

## 2.7 **WORKS COMMITTEE**

To recommend the work policy of the Sangathan - to consider and approve the work programme- to prescribe norms for issue of administrative approval and expenditure sanction - to review the progress on construction work - to advise the Board on policy matters relating to works programme. (**Annexure-2.5**)

2.8 The Board of Governors may appoint advisory boards or other Committees or bodies including Local Management Committees for Schools with such powers as it may think fit, and also dissolve any of the Committees and advisory bodies set up by it. Accordingly, for proper management and general supervision of the Regions and there Kendriya Vidyalayas, two Committees have been constituted for the purpose detailed below:

### (i) **REGIONAL ADVISORY COMMITTEE**

In order to monitor the progress of academic improvement and general functioning of the regions and there Kendriya Vidyalayas the Board of Governors in its 49<sup>th</sup> meeting held on 23<sup>rd</sup>-24<sup>th</sup> April, 1987 approved the constitution of the Regional Advisory Committee in regional offices each headed by a Dy. Commissioner and assisted with three Education Officers, one Administrative Officer, one Audit & Accounts officer and supporting staff. These regional offices for effective management oversee the working of the Kendriya Vidyalayas coming under their jurisdiction and regional transfers of their staff members with the help of **REGIONAL ADVISORY COMMITTEE**. (**Annexure-2.6**)

The Kendriya Vidyalayas at Kathmandu (Nepal), Moscow (Russia) and Tehran (Iran) are administered directly from the Headquarters.

### (ii) **VIDYALAYA MANAGEMENT COMMITTEE**

For proper running of the Vidyalaya, its day-to-day Management is entrusted to Vidyalaya Management Committee, constituted by the Sangathan. These Committees manage the Vidyalayas with funds provided by the Sangathan as well as funds generated locally by the Vidyalaya within the frame-work of the policies laid down by the Sangathan. An Executive Committee, which is a core group of a few members of the existing Vidyalaya Management Committee, has also been constituted at the Vidyalaya level in all Kendriya Vidyalayas. This Committee has been vested with wide ranging administrative, academic and financial powers to ensure smooth functioning of the Vidyalayas. (**Annexure-2.7**)



2.9 The day-to-day affairs are conducted by an administrative set-up with the Commissioner as the Chief Executive Officer. He is the Head of Sangathan and the Chief Administrator of Kendriya Vidyalayas. At the HQ Office in New Delhi, besides Regional Offices, he is assisted by Two Additional Commissioners, Five Joint Commissioners, Four Dy. Commissioner, Assistant Commissioner, and other staff members. The Commissioner being the Principal Executive officer of the Sangathan is responsible for the proper Administration of the affairs of the Sangathan and the Properties and Institutions, such as the Schools, Playgrounds, Gymnasia's , Hostels, Residential Quarters for teachers and other employees etc., under the direction and guidance of the Chairman and the Board. (**Annexure 2.1**)

**Annexure 2.1**

**(Refer Para 2.2)**

**COMPOSITION OF BOARD OF GOVERNORS OF KVS**

**AS ON 29.01.2013**

SL. NO	RULE NO.	PROVISION OF THE RULES	PRESENT APPOINTMENT/NOMINATION AND ADDRESS OF MEMBERS OF BOARD OF GOVERNORS OF KVS
1	19(1)	<b>Chairman</b> of the Sangathan	<b>Dr. MM Pallam Raju</b> , Hon'ble Minister of HRD. (Govt of India) & <b>Chairman, Kendriya Vidyalaya Sangathan</b> Shastri Bhawan, New Delhi
2	19(1)(i)[a]	Minister of State, HRD <b>Joint Chairman</b>	<b>Shri. Jitin Prasada</b> , Hon'ble Minister of State & <b>Joint Chairman, Kendriya Vidyalaya Sangathan</b> MHRD. Shastri Bhawan, New Delhi
3	19(1)(i)[b]	Secretary, Dept of SE &L, MHRD <b>Deputy Chairman.</b>	<b>Shri. R. Bhattachariya</b> Secretary (SE &L) & <b>Deputy Chairman, Kendriya Vidyalaya Sangathan</b> MHRD. Shastri Bhawan, New Delhi
4.	19(1)(i)[c]	An officer of Ministry of HRD specified by the Govt. of India to be <b>Vice-Chairman</b>	<b>Ms. Vrinda Sarup</b> , Additional Secretary(SE&L) & <b>Vice- Chairman, Kendriya Vidyalaya Sangathan</b> MHRD, Dept of Education, Govt of India Shastri Bhawan, New Delhi
5.	19(2)	Joint Secretary, Dept of SE&L, MHRD.	<b>Dr. Nagesh Singh, Joint Secretary (SE)</b> MHRD Shastri Bhawan, New Delhi.
6.	19(3)	Financial Advisor of the Ministry of HRD (Dept. of Education) or his representative	<b>Financial Advisor</b> , Ministry of HRD (Deptt. of Education) Shastri Bhawan, New Delhi
7.	19(4)	Representative of Ministry of Defence to be nominated by that Ministry	<b>Shri Upamanyu Chatterjee</b> , Jt. Secretary (Trg) & CAO, Ministry of Defence, Room No.155, E Block, Dalhousie Road New Delhi.
8.	19(5)	Chief Welfare Officer, Dept. of Personnel	<b>Shri Suresh Pal</b> , Dir. & C.W.O, Deptt. of Personnel & A.R. Room No 384, Lok Nayak Bhawan, New Delhi.

9.	19(6)	Director National Council of Educational Research & Training	<b>Prof. Parvin Sinclair</b> Director, NCERT, Sri Aurobindo Marg, New Delhi
10.	19(7)	One Director of Public Instructions or Director of School/Secondary Education of State Govt. nominated by Govt. of India, Ministry of HRD as member of the Sangathan	Vacant
11.	19(8)	One Education Secretary of the state Govt. nominated by the Govt. of India, Ministry of HRD as member of the Sangathan	Vacant
12.	19(9)	One or more members of the Sangathan who may be nominated by the Govt. of India in the Ministry of HRD in Dept. of Education for this purpose from time to time. It shall however, be ensured that at least one member from among the ST Community be nominated from members of the Sangathan	Woman Member Vacant
13.	19(9)	-do- (ST Member)	Vacant
14.	19(9)	-do- (SC Member)	Vacant
15.	19(9)	-do-	Vacant.
16.	19(10)	One of the member of Parliament, who is also a member of the Sangathan to be nominated by Govt. of India, MHRD for this purpose.	Vacant.
17.	19(11)	Chairman, Central Board of Secondary Education	<b>Sh. Vineet Joshi</b> , Chairman, CBSE, Preet Vihar, Delhi.

18.	19(12)	Director of Education, Army Headquarters	<b>Major General Sunil Chandra</b> , Additional Dir. Gen. Army Education Corps & Col Commandant Army Educational Corps, MT Directorate, GS Branch, Army Headquarters, New Delhi
19.	19(13)	Director of Education, Naval Headquarters	<b>Commodore Ghanashyam Ojha</b> . Principal Director, Naval Education, Naval Headquarters, 2 <sup>nd</sup> Floor, West Block-5, Wing-2, R.K.Puram, New Delhi.
20.	19(14)	Director of Education, Air Headquarters	<b>Air Vice Marshal Satyendra Kumar</b> Assistant Chief of Air Staff (Education) Directorate of Education Air Headquarters, R.K.Puram, New Delhi.
21.	19(14)[a]	Commissioner, Navodaya Vidyalaya Samiti.	<b>Shri G.S. Bothiyal</b> , Commissioner Navodaya Vidyalaya Samiti A-28 Kailash Colony, New Delhi-110048
22.	19(14)[b]	A Representative from amongst CPOs to be nominated by the MHRD	Vacant
23.	19(14)[c]	A Representative from amongst PSUs to be nominated by the MHRD	Vacant
24.	19(15)	Commissioner of the Sangathan	<b>Shri. Avinash Dikshit, IDAS</b> Commissioner, KVS[ HQ]
25.	19(16)	Additional Commissioner (Admn) & Ex-officer Secretary of the Sangathan	<b>Shri. GK Srivastava, IAS</b> Additonal Commissioner(Admn.)& <b>MEMBERSECRETARY, BOG, KVS[HQ]</b>

**Annexure 2.2**  
**(Refer Para 2.4)**

**ACADEMIC ADVISORY COMMITTEE**

**COMPOSITION:**

1.	Addl. Secretary to the Govt. of India Ministry of HRD & Chariman	Chairman
2.	Commissioner, Kendriya Vidyalaya Sangathan	Member
3. to 11.	To be nominated by the Chairman of the Sangathan from amongst outstanding Educaitonists	Members

12.	Representative from MHRD	Member
13.	Addl. Commissione (Acad)	Member Secretary

**FUNCTIONS:**

1. To advise the Sangathan about academic co-curricular programmes to be introduced in Kendriya Vidyalayas.
2. To help prepare guidelines for implementation of these programmes.
3. To review periodically these programmes and suggest measures for overcoming deficiencies and shortcomings.
4. To help Vidyalayas realize, among others, the following objectives of the Sangathan:
  - a) To develop Vidyalayas as “Schools of excellence” in the context of national goals of education.
  - b) To initiate and provide experimentation in education in collaboration with other expert bodies like CBSE, NCERT etc.
  - c) To promote National Integration.
5. To review publication programmes of the Sangathan and suggest improvements.

**Annexure 2.3**

**(Refer Para 2.5)**

**FINANCE COMMITTEE**

## COMPOSITION:

1.	Vice-Chairman, Kendriya Vidyalaya Sangathan	Chairman
2.	Joint Secretary & Financial Advisor, Ministry of HRD	Member
3.	Commissioner, Kendriya Vidyalaya Sangathan	Member
4.	Deputy Secretary (Training), Ministry of Defence	Member
5.	Deputy Commissioner (Finance), Kendriya Vidyalaya Sangathan	Member - Secretary

## FUNCTIONS

1. To scrutinize the accounts and budget estimates of the Sangathan and to make recommendations to the Board/Chairman;
2. To consider and make recommendations to the Board/Chairman on proposals for new expenditure on account of major works and purchases which shall be referred to the Finance Committee for opinion before they are considered by the Board/Chairman;
3. To scrutinize re-appropriation statements and audit notes and make recommendations thereon to the Board/Chairman;
4. To review the finances of the Sangathan from time to time and have concurrent audit conducted whenever necessary; and
5. To give advice and make recommendations to the Board/Chairman on any other financial question affecting the affairs of the Sangathan.

## Annexure 2.4

(Refer Para 2.6)

### ADMINISTRATION AND ESTABLISHMENT COMMITTEE

The General Body of Kendriya Vidyalaya Sangathan in its 33<sup>rd</sup> meeting held on 26.6.2008 has inter-alia approved Rule 43 in the Memorandum of Association and Rules of Kendriya Vidyalaya Sangathan by adding an Administration and Establishment Committee, a Sub-Committee of the Board of Governors notified vide order number F.1-7/2004/kvs/Admn.II dated 20.01.2009 with the following members and functions.

#### COMPOSITION:

1.	Vice-Chairman, Kendriya Vidyalaya Sangathan	Chairman
2.	A representative of Ministry of Human Resource Development	Member
3.	A representative of DOPT	Member
4.	Commissioner, Kendriya Vidyalaya Sangathan	Member
5.	Addl. Commissioner (Admn.), Kendriya Vidyalaya Sangathan	Member
6.	Joint Commissioner (Admn.)(Pers.), Kendriya Vidyalaya Sangathan	Member Secretary

#### FUNCTION:

1. The function of the Administration and Establishment Committee shall be to be advise the Sangathan about the policies to be introduced on Administrative and Establishment matters and the means to regulate and monitor those policies effectively.
2. To help prepare guidelines in matters of e-governance, settlement of grievances and monitoring of others redressal machinery.
3. To bring about effective coordination among the various units of the organization at various levels.

The Hon'ble HRM and Chairman, Kendriya Vidyalaya Sangathan has already nominated the JS (SE), MHRD as a member of the said committee.



The MHRD has been requested to take up the matter with the DOPT to nominate a suitable officer in the Administration and Establishment Committee, a Sub Committee of the Board of Governors of Kendriya Vidyalaya Sangathan.

**Annexure 2.5**

**(Refer Para 2.7)**

**WORKS COMMITTEE**

The works programme is approved and the Works Committee, which comprises the following, reviews the progress of construction work:

1.	Vice-Chairman, Kendriya Vidyalaya Sangathan	Chairman
2.	Financial Advisor, Kendriya Vidyalaya Sangathan	Member
3.	Commissioner, Kendriya Vidyalaya Sangathan	Member
4.	Director of Education (Army), Ministry of Defence	Member
5.	Director of Education (Air Force), Ministry of Defence	Member
6.	Director of Education (Navy), Ministry of Defence	Member
7.	Director, Military Land & Cantonments, Ministry of Defence	Member
8.	Engineer-in-Chief, MES, Ministry of Defence	Member
9.	Director General (Works), CPWD, Ministry of Urban Development	Member
10.	Financial Advisor, Ministry of Urban Development on his representative	Member
11.	Member (Engineering), Railway Board	Member
12.	Joint Commissioner (Finance), Kendriya Vidyalaya Sangathan	Member Secretary

## Annexure 2.6

(Refer Para 2.8.(i) )

### REGIOANL ADVIOSORY COMMITTEE

#### COMPOSITION:

1.	Education Secretary of the State Govt./UT at the station.	Chairman
2.	A senior representative of the Defence establishments in which Kendriya Vidyalayas are located at the Regional Headquarters.	Member
3.	Chairman of the Central Govt. Employees Welfare Co-ordination Committee at the station.	Member
4.	A senior representative of the Project Kendriya Vidyalaya in the Region.	Member
5.&6.	Two Eminent Educationists, at least one of whom will be a lady.	Member
7.	Principal of a nearby renowned School.	Member
8.	A representative of the CPWD/MES not below the rank of Chief or Superintending Engineer.	Member
9.	An eminent Doctor from a Govt. or Public Sector Hospital.	Member
10.	DM/Deputy Commissioner/Collector	Member
11.	Principal of a local Kendriya Vidyalaya	Member
12.	Deputy Commissioner	Member Secretary

#### FUNCTIONS:

1. To review the progress of the implementation of the academic policies formulated by the Kendriya Vidyalaya Sangathan (HQ), at the regional level.
2. To monitor academic innovations/experiments in Kendriya Vidyalayas of the region.
3. To oversee the facilities such as library, laboratory, audio-visuals aids etc. in Vidyalayas of the region.
4. To review the progress of games & sports activities in Kendriya Vidyalayas in the region.

5. To review the progress of cultural activities in Kendriya Vidyalayas in the region.
6. To suggest suitable locations for opening new Kendriya Vidyalayas in the region.
7. To build and protect the image of Kendriya Vidyalayas in the region.

**Annexure 2.7**

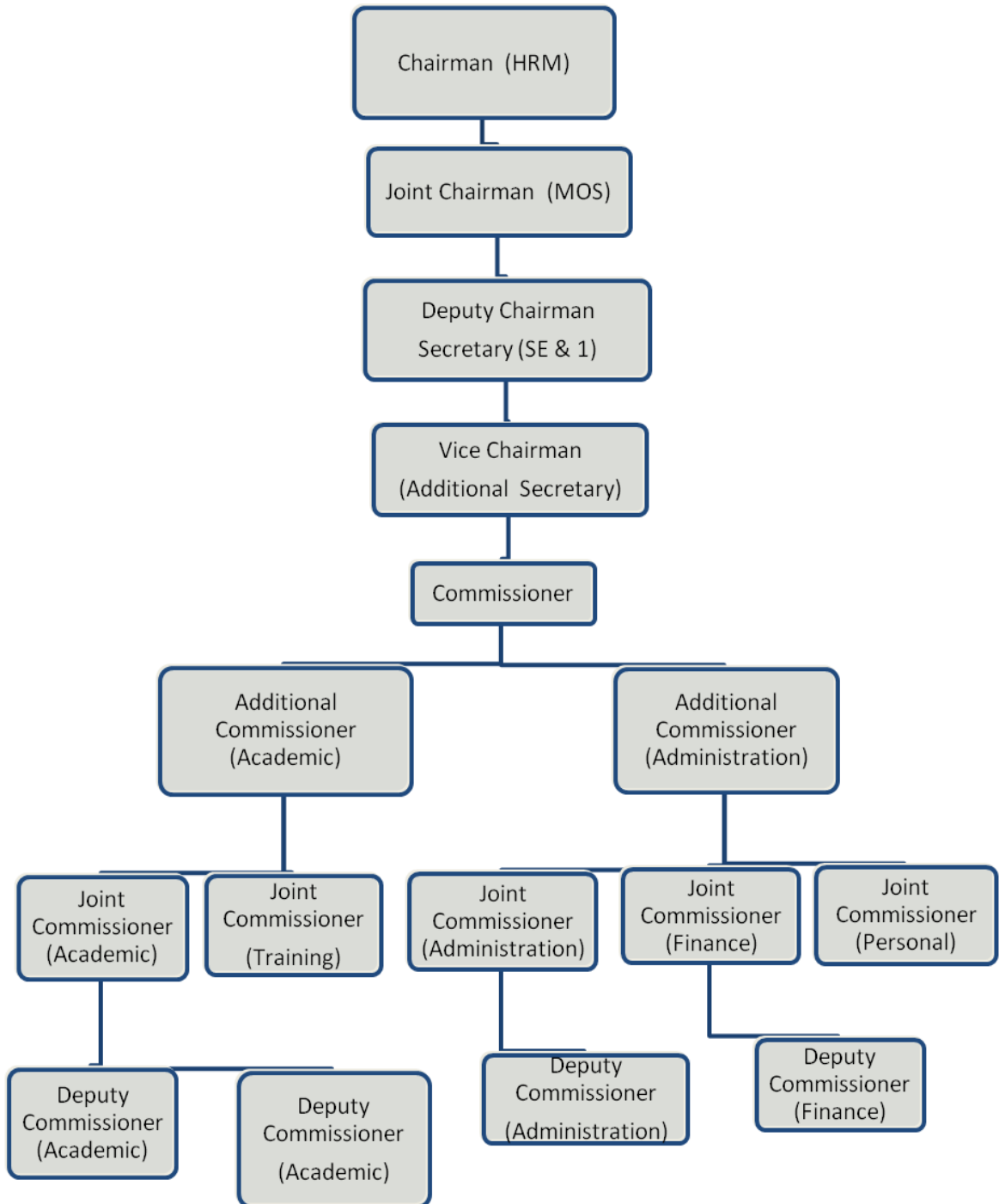
**(Refer Para 2.8.(ii) )**

**COMPOSITION OF VIDYALAYA MANAGEMENT COMMITTEE**

<b>KVs in Defence Sector</b>	<b>KVs in Civil Sector</b>	<b>KVs in Public Sector Undertaking/Institute of Higher Learning</b>
<b>CHAIRMAN:</b> 1. Senior officer of the Army. Navy or Air Force in the Defence Establishment concerned to be appointed by the Sangathan in consultation with the Ministry of Defence. if and where considered necessary.	Education Secretary/Divisional Commissioner/District Magistrate or his nominee/Vice-Chancellor of a University/ Director or Public Instructions/ Eminent Educationist, as may be decided by the Sangathan according to the location of the Vidyalaya	Head of the Project/Institute
<b>MEMBERS:</b> 2. One member nominated by the Chairman, VMC out of the senior services personnel preferably not below the rank of Lt. Col from amongst officers of Education Corps of the three services, if posted in station	One member nominated by the Chairman VMC, out of the Gr. A Central Govt. employees at the station, preferably not below the rank of Under Secretary	One Member nominated by the Chairman VMC, out of the Gr. A Central Govt. employees at the station, preferably not below the rank of Under Secretary
<b>3 &amp; 4.</b> Two eminent Educationists	Two eminent Educationists	Two eminent Educationists
5. An eminent person of the area known known for outstanding work in the field of culture	An eminent person of the area known for outstanding work in the recommendation of the field of culture	An eminent person of the area for outstanding work in the field of culture
<b>6 &amp; 7.</b> Two parents of the children studying in the KV to be nominated by the	Two parents of the children studying in the KV to be nominated by the Chairman, VMC, on the	Two parents of the children studying in the KV to be nominated by the

Chairman , VMC, on the recommendation of the Principal, one of whom should be a woman, The term of these members will be one academic year	recommendation of the Principal, one of whom should be a woman. The term of these members will be one academic year	Chairman, VMC, on the recommendation of the Principal, one of whom should be a woman. The term of these members will be one academic year
<b>8.</b> An eminent medical doctor of the area	An eminent medical doctor of the area	An eminent medical doctor of the area
<b>9.</b> A representative of SC/ST belonging to class I service, if available. If not, a member of the minority community	A representative of SC/ST belonging to class I service or SC/ST member who is an eminent scientist or eminent personality from Culture/Education/Games/Sports, if available. If not, a member of the minority community	A representative of SC/ST belonging to class I service or SC/ST member who is an eminent scientist or eminent personality from Culture/Education/Games/Sports, if available. If not, a member of the minority community
<b>10.</b> A teacher representative	A teacher representative	A teacher representative
<b>11.</b> Principal of KV as Member secretary	Principal of KV as Member secretary	Principal of KV as Member secretary
<b>12.</b> Co-opted Member	Committee-opted Member	Co-opted Member
<b>13.</b> Chariman, CGEWCC	Chairman , CGEWCC	Chairman , CGEWCC

## **ORGANIZATIONAL SET-UP**



## CHAPTER - 3

### INTERNAL AUDIT STANDARDS

#### 3.1 Purpose, Authority and responsibility

According to the International Internal Auditing Standard the purpose, authority and responsibility of the Internal audit must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, Code of Ethics, and the Standards. The internal audit charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. It establishes the internal audit activity's position within the organization authorizes access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of internal audit activities.

### **3.2 Independence and objectivity**

The internal audit activity must be independent and internal auditors must be objective in performing their work. Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out responsibility in an unbiased manner. The internal auditors must not take the hospitality or any type of favour/gift etc. from the auditee and follow Code of Ethics and Rules of Conduct that describe behavior expected of internal auditor. The members of the inspection party should conduct themselves in such a way which enable them to achieve the twine object of maintaining has the and cordial relations with the staff and officers of the unit as well as obtaining their full co-operation for smooth and efficient working of the party.

### **3.3 Proficiency and Due Professional Care**

Engagements must be performed with proficiency and due professional care. Internal auditors must posses the knowledge, skills, and other competencies needed to perform its responsibilities. Those responsible to carry out internal audit must keep themselves abreast with the rules, regulations and procedures laid town in the scheme and should also acquire the working knowledge of the auditee Internal Auditors must apply the care and skill expected of a prudent and competent internal auditor, and must exercise due professional care.

### **3.4 Managing the Internal Audit Activity**

The internal audit activity should be effectively managed to ensure that it adds to value to the organization. The internal audit activity adds value to the organization when it provides objective and relevant assurance and contributes to the effectiveness and efficiency of governance, management and control processes as it assist the field officers in understanding and adopting correct, financial and accounting procedures and provides guidance in maintaining various records. Accordingly internal audit acts as an agency through which the Commissioner/Joint Commissioner (F) have ensured that the objectives of KVS are fully achieved.

### **3.5 Planning**

Adequate planning ensures that appropriate attention is devoted to significant area of audit, potential problems are identified and that the skills and time of the staff are appropriately utilized. Since all activities of the auditee cannot be audited due to resource constraints, the areas that put the programme at risk from the point of view of economy, efficiency and effectiveness help focus attention on them.

### **3.6 Internal control**

The purpose of this standard on internal audit is to establish and provide guidance on the procedures to be followed by the internal auditor internal audit evaluating the system of internal control in an auditee and for communicating weaknesses to promote improvement.

### **3.7 Performing the Engagement**

Internal auditors must identify, analyze, and document sufficient information to achieve the engagement's objectives. The internal audit should ensure that the auditee is maintaining initial records as prescribed by the Kendriya Vidyalaya Sangathan and must identify sufficient, reliable relevant and useful information to achieve the engagement's objectives.

### **3.8 Identifying and Documenting Information**

Internal auditors must identify sufficient, reliable and useful information to achieve the engagements objectives. Sufficient and reliable information which is factual, adequate and concurring must be documented to support the conclusions and engagement results. The standard provides guidance regarding the retention and identification of the documents. Proper documentation of evidence is one of the important measures of quality assurance.

### **3.9 Errors and Omissions**

If a final report contains a significant error or omission, the auditor must communicate corrected information to all concerned who received the original report. In such cases the officer who supervised the audit should bring the error or omission to the notice of the authority concerned before writing to the auditee through Internal Audit Headquarters.

## **CHAPTER - 4**

### **METHODOLOGY,SCOPE AND DUTIES OF INTERNAL AUDIT**

**4.1** The internal audit branch of the Sangathan which is responsible for internal audit of its accounts at the Vidyalaya and Regional Offices levels, was operates both from the Hq. office and Regional Offices. It functions under the overall supervision of Kendriya Vidyalaya Sangathan Hq. as one of the section of the KVS. Internal audit of Kendriya Vidyalaya has been assigned to Dy. Commissioner, Regional Office under the overall supervision of KVS (HQ). For the purpose of internal audit Kendriya Vidyalaya Sangathan and RO will be the HQ office for the units under their audit jurisdictions.



## **4.2 Audit Planning;**

- 4.2.1** The Planning process is not a straight line activity which one step leads forward to another. The first step is to set objectives and match resources. The next step is the preparation of specific audit plan. As such audit plan is prepared to fulfill the goals and objectives and to document how selected audit will accomplish them. Audit should be planned in time to ensure value addition to management of the programme.
- 4.2.2** The objective of the internal audit inspection of the Regional Offices and various Kendriya Vidyalayas is not merely to point out omission and defects in receipts and payments transactions and their accountal but to assist the field officers in understanding and adopting correct financial and accounting processors and also to examine the correctness and accuracy of the accounts maintained and rendered by them. The audit section at the Sangathan will be responsible for carrying out all the work of internal audit except actual inspection and initial drafting of inspection report.
- 4.2.3** The (HQ) shall maintain a control register of internal inspection in form CS(IA)-1 / 1A separately each financial year to serve as a basis and permanent record of the inspection of various units. At the beginning of each calendar year the audit section at the Sangathan and Regional Offices will draw an annual plan in form CS(IA)-2 detailing there in tentative list of units in their audit jurisdiction to be audited during the next financial year for which staff resources are earmarked. The selection of audit programmes etc. is to be made with a view to focusing on the most significant audits. Thereafter, the concerned officers will prepare a detailed quarterly tour programme in form CS(IA)-3 for the units to be inspected during the following quarter and submit to the Dy. Commissioner (Fin.)/Joint Commissioner (Fin.). However, ROs will submit a copy of the annual audit plan and quarterly tour programme to KVS (HQ).

## **4.3 Manpower and other Resources;**

4.3.1 The Internal Audit Branch is expected to maintain an upto-date list of all auditees the audit of which falls in its jurisdiction (Annexure 4.1 & 4.2 ). The list should, *inter alia*, indicate for each auditee the normal periodicity of audit (yearly, or once in two years, etc.) the time estimated to complete an audit, and the period when it was last audited.

4.3.2 Frequency of internal audit will depend upon the staff strength for internal audit as well as number of units falling under its preview. Consequently the number of days of inspection shall be decided taking into account the budget allotment and the above factors into consideration. First determine the number of posts in various grades which will be utilized for audit. Some of these could possibly be for part of the year. Work out standard man-days available in a year for one staff member on the lines indicated in:

Days

Total number of days in a year		365
<u>Less:-</u>		
Weekends	104	
Holidays	16	
Casual Leave	8	
Other Leave	30	
Training/Briefing	1	
Man-days available for study, misc. work and		206
Man-days earmarked for study, misc. work and		20
Other contingencies, say about 10%		
Man-days, per person available for audit		186

**Note :** Audit includes the entire cycle of planning, executing and reporting. The numbers used here are only illustrative

4.3.3 All out efforts should be made that each unit is audited annually or once in two years. However, to make internal audit more effective the duration of audit of Kendriya Vidyalayas, as far as possible, should normally depend upon the size of the school as given below which may slightly be modified as per actual need.

- |       |                         |                      |
|-------|-------------------------|----------------------|
| (i)   | Senior-Secondary School | Not more than 5 Days |
| (ii)  | Secondary School        | Not more than 4 Days |
| (iii) | Middle School           | Not more than 3 Days |

However, the above shown allocation of number of days for audit is only suggestive and may be decided on the basis of quantum of man power available, budget sanctioned and constitution of the audit party.

#### 4.4 Scope of Audit

**4.4.1** The scope describes what the audit covered and defines the subject matters of audit, necessary documents or records, the period of time reviewed and the location to be included.

#### **4.4.2 Regulatory or compliance audit**

The internal audit team shall primarily be responsible-

- (i) to test check the initial accounts records which *interalia*; shall include records relating to funds accounts, loans & advances, pension cases and preparation of annual accounts;
- (ii) to check the records pertaining to purchases, civil works, physical verification of stores, equipment, tools & plant etc;
- (iii) to verify maintenance of subsidiary registers at the KVS HQ, ROs and Kendriya Vidyalayas as applicable;

with a view to ensure the correctness, accuracy and completeness of accounts records and whether the rules and regulations are followed correctly as per directions from the Sangathan. It may also be ensured that there are adequate systems and procedures, in existence, in regard to accounting and financial matters.

#### **4.4.3 Efficiency cum performance audit**

In public expenditure management system it is necessary that there is a proper system of “check and balances” to ensure that the executives are discharging their duties/responsibilities efficiently and effectively. Internal audit is, therefore, considered as an integral part of the management and as such expected to play significant role in improving the following-

- (i) efficiency and economy in public expenditure
- (ii) propriety of expenditure
- (iii) effectiveness of expenditure
- (iv) proper realization, accounting and reporting of revalue receipt

#### **4.5 Duties of Internal audit**

4.5.1 An inspection party should conduct a general review of all the accounts records maintained by the auditee since the last inspection or in case of new unit since the formation of the unit. Apart from the general review it shall also conduct a detailed check of the accounts records of one month in a year to be selected by the KVS HQ/ROs. The percentage of bills/vouchers/cases etc., other than those pertaining to the accounts records of the selected month to be checked in detail in internal inspection as part of the general review of the accounts of the unit, will be left to the discretion of the head of the inspection party. It is observed that more serious irregularities of defalcations are detected through application of routine checks than other wise. However it is more important that all the prescribed audit

checks however routine they may be / should be regularly applied. The duties of internal inspection wing shall *interalia* include the following:

- (i) A study of the accounting procedures prescribed for the department with a view to ensure that they are correct, adequate and free from any defects or lacunae.
- (ii) Watch over the implementation of the prescribed procedures and orders issued from time to time by the Sangathan.
- (iii) Scrutiny and check of payments in respect of personal claims with specific reference to pay fixation cases and accounting work of the unit.
- (iv) Investigation of important areas in accounting and other connected records.
- (v) Periodical review of all accounts and payment records being maintained by the auditee.
- (vi) Pursuance/Settlement of objections taken by statutory audit and others matters relating to statutory audit.
- (vii) To examine and report on points of irregularities brought to its notice by the ROs/KVS HQ.
- (viii) Scrutiny of purchase and stores procedures in the unit inspected, so as to ensure that they are free from any defects or lacunae.
- (ix) Checking of procedures in regard to disposal of assets to ensure that adequate procedures exists for scraping/condemning and the same is followed.
- (x) Scrutiny of general office management procedures adopted by the Heads of Office or Head of unit locally.
- (xi) During the course of internal inspection of the unit internal audit parties shall, however, verify by referring to the vouchers etc. through which the advances were drawn that payment entries are made properly in the Pay Bill Register and that recoveries are being affected regularly.
- (xii) Every deposit/fund account should be subject to scrutiny.

#### **4.6 Selection of Personnel for Internal Audit**

**4.6.1** As far as possible the inspection work shall be entrusted to trained and competent staff who should be able to examine the accounts records intelligently in proper perspective in addition to exercising the prescribed checks.

#### **4.7 Conduct of Audit;**

4.7.1 For smooth conducting of Audit there should be implementation plan which may include:-

- Gather all relevant data and documents to understand the auditee and the activities to be performed;
- Intimate the auditee about the intent to carry out the internal audit and should be informed in writing about the visit of the audit party well advance, at least one month prior to the commencement of the audit in Form CS(IA)-4.
- A list of records to be examined during internal inspection shall be prepared and sent to the concerned Head of the unit to be audited so that these are kept ready before the arrival of the inspection party. Such a list for audit of Kendriya Vidyalayas, though not exhaustive, is shown in **Annexure 4.1** to this chapter as an illustration. The list of records may be amended suitably in respect of internal inspection of ROs.

4.7.2 As soon as the party visits a unit given in internal audit the programme it shall acquaint itself with the working and activities of the unit. For this purpose an entry meeting shall be held at the commencement of the audit of each unit which will afford an opportunity for introduction of the audit team. Thereby the inspecting officer should allocate duties and responsibilities among the various members constituting his party including himself(herself) in Form KVS-5.

4.7.3 Accordingly, the focused approach with assist in ensuring high quality of audit by minimizing or eliminating redundant inquiries and completing the audit within the allotted time frame. Issue of half margin memorandum is the most important stage of internal audit process. Following the audit objectives, audit criteria, evidence required to be gathered and the functions performed by the auditee to be audited the audit team should prepare a list of questions including the requisition of records to be verified which they should seek answers and documents and information to be obtained. They shall obtain auditable records and also send a requisition for all paid vouchers pertaining to the month selected for detailed check. If the records are not made available to internal audit in a reasonable time and there are other difficulties in obtaining the records, the matter shall be brought to the notice of ROs/concerned officers at the Headquarter.

4.7.4 Soon after the commencement of inspection, the inspecting officer shall review objections in the old inspection reports which are still outstanding and verify compliance. The old objections not settled, shall receive his personal attention as it is most important to ensure speedy settlement of all outstanding objections and to avoid adverse comments from the Statutory Audit.

#### 4.7.5 *Importance of evidence;*

The audit finding, conclusions and recommendations must be based on evidence. The implementation of the recommendations is expeditious if the concept of competence, relevance and reasonableness of evidence is kept in view. A few such examples are as under:-

- Oral evidence, which is collaborated in writing is more reliable than oral evidence alone;
- The source of photo copies should be identified by noting the source as far as possible;

- It bears a clear and logical relationship to audit objective;
- Evidence needs to be more convincing, if the issue is controversial or sensitive; and
- If the observation is highly significant and material, it will require stronger evidence to sustain;
- While in an ideal situation, all recommendations included in the audit report should be such as are acceptable to the auditee which may not happen in practice. There may be disagreement on one or more recommendations and in the absence of evidence or documents internal audit support of the audit finding it will be difficult to make evidence analysis and sustain the audit finding.

#### 4.7.6 Responsibility of the audit files;

All relevant documents and information collected during internal audit constitute the working papers as a connecting link between the field work and the audit report. Proper documentations of evidence is one of the important measures of conducting audit. The work papers should be arranged in a logical and methodical manner to facilitate easy reference and retrieval of information.

(Annexure – 4.1)

(Referred to in Para 4.3.1)

#### KVS under the audit jurisdiction of Regional Offices

Sr. No.	Region	No. of units
1	AHMEDABAD	46
2	BANGALORE	45 **
3	ERNAKULAM	37
4	CHENNAI	43
5	BHOPAL	43
6	AGRA	37

7	MUMBAI	45
8	BHUBANESWAR	49
9	RANCHI	37
10	JABALPUR	46
11	RAIPUR	41
12	DEHRADUN	46
13	LUCKNOW	42
14	VARANASI	34
15	PATNA	41
16	DELHI	62
17	SIRSA	43 **
18	JAIPUR	46
19	CHANDIGARH	48
20	JAMMU	53
21	GUWAHATI	45
22	TINSUKIA (Duliajan)	41
23	SILCHAR	31
24	KOLKATA	46
25	HYDERABAD	42
26	KVS (HQ)	3
	<b>Total</b>	<b>1092 **</b>
		<b>02 KVs i.e. Belgaum No. 3 and Khedar, Distt. Hissar are non-functional.</b>

(Annexure – 4.2)

(Referred to in Para 4.3.1)

**Units under the audit jurisdiction of KVS**

<b>Sr. No.</b>	<b>Regional Office</b>
1	AHMEDABAD
2	BANGALORE
3	ERNAKULAM
4	CHENNAI

5	BHOPAL
6	AGRA
7	MUMBAI
8	BHUBANESWAR
9	RANCHI
10	JABALPUR
11	RAIPUR
12	DEHRADUN
13	LUCKNOW
14	VARANASI
15	PATNA
16	DELHI
17	SIRSA
18	JAIPUR
19	CHANDIGARH
20	JAMMU
21	GUWAHATI
22	TINSUKIA (Duliajan)
23	SILCHAR
24	KOLKATA
25	HYDERABAD
26	KVS (HQ)

(Annexure 4.3)

(Referred to in Para 4.6.1)

**Records to be seen during internal inspection**

1. Cash Book (CS-22)
2. Ledger Accounts (CS-28)
3. Bank Reconciliation
4. Cheque Book and Pay-in-slips



5. Custody and verification of cash
6. Fidelity Bond
7. Audit of the accounts of receipts:
  - (a) Fines
  - (b) Miscellaneous Income
  - (c) Recovery of lost and damaged articles
  - (d) Recovery of over payments
8. Examination of paid vouchers.
9. Pay Bills (CS-14)
10. Travelling Allowances Bills (CS-17)
11. Tour/LTC Advances (CS-17A/17C)
12. Transfer TA Advance (CS-17B)
13. Medical Reimbursement claims (CS-32)
14. Children Education Allowance and Tuition Fee reimbursement.
15. Register of Contingent Charges (CS-19)
16. Records relating to construction, maintenance and Repair Works
17. Purchase Procedure
18. Purchase Files & Vouchers etc.
19. Earnest Money Register
20. Other claims Register
21. Library
  - (a) Accession Register (CS-26)
22. Service Books and leave accounts.
23. Vikas Nidhi Accounts.
24. Boarder Fee account and Hostel Accounts etc
25. All Stock & Store Register relevant vouchers/files
26. Register of assets

27. Other Miscellaneous records

- (a) Register of Bills (CS-14)
- (b) Register of Advances (CS-42)
- (c) Donation and collection of additional funds, if any
- (d) Punitive fine
- (e) Monthly Accounts returns
- (f) Annual Accounts
- (g) Canteen contract, if any and
- (h) Excursions and Educational Tours, if any

28. Valuable Register

29. Register to watch the receipt of funds from KVS (CS-7 )

30. Combined register of daily attendance and fee collection,  
Fee Receipt (CS-10)

31. Summary of daily/quarterly (CS-11)

32. Collection of fees.

33. Register of loss, damages due to theft & fire etc. (CS-47).

34. Minutes Book of various Committee.

35. Register of undisbursed amounts. (CS-62) [Art 97]

36. Allotment of GP Fund Account. (CS-43) [Art 147A (i)]

37. Broad Sheet of GP Fund transactions (CS-40) [Art 149 A (b)]

38. Register of Library fine (CS-53) [Art 65]

39. Class-wise summary of fees & fines collected (CS-55) [Art 217]

40. List of Articles recommended for write off (CS-49) [Art 187]

## **CHAPTER - 5**

### **GENERAL PRINCIPLES OF AUDIT OF RECEIPTS AND EXPENDITURE**

#### **5.1 Checking of Receipts**

While the school authorities are primarily responsible to see that fees, fines, penalty etc. and other miscellaneous income, if any are correctly and properly assessed, realized and credited to account.

5.1.1 It would be necessary for internal inspection to see that:

- (i) Adequate regulations and processdures are in existence for collection and accountal of fees, fines and other miscellaneous income such as donation etc.
- (ii) No amount on any account be received without issuing a receipt in prescribed form over the signature of an authorized person for example receipts in form CS-10 may be issued on account of fees, fines etc whereas for other receipts such as donation, sale of fruits of trees with in school campus etc receipts in form CS-12 be issued .
- (iii) No duplicate receipt should be issued to the payer; if necessary only a certificate of payment may be given in cases where originals are reported to be lost after instituted an inquiry.
- (iv) The receipts are realized regularly and properly accounted for under the appropriate Heads of Accounts.

- (v) All receipts collected are promptly remitted to bank.
- (vi) The receipts books should be kept in the personal custody of the principal ( in the case of KV) or Head of Office or designated officer.

The above checks also apply *mutatis-mutandis* to the RO/HQ office for accountal of receipts, if any.

## **5.2 Checks for Expenditure**

5.2.1 Grants-in-aid are received by the Sangathan from the Ministry of Human Resource Development (Department of Education) on the basis of approved norms for the different items of expenditure in the Kendriya Vidyalayas.

The various activities of the school over a year, such as development of laboratories, improvement of library facilities, etc. should be planned well ahead and arrangements made to requisition the funds and also utilize the same within the year in which provision is made in the budget. As such expenditure or liability should not be incurred in anticipation of receipts of sanctions for expenditure under various heads, save in exceptional circumstances on grounds of urgency.

5.2.2 An internal audit party should conduct a general review of all the accounts records maintained by an office since the last inspection or in case of new units, since the formation of the office. The extent and nature of checks will include the following:

### **5.2.3 Accounts records**

- (i) All accounts records required to be maintained are maintained in the prescribed forms, and the accounts are compiled regularly, accurately and in correct manner.
- (ii) Payments including personal claims of the employees are made in accordance with the rules and orders governing them and the arithmetical calculations are correct.
- (iii) Last claims of employees are correctly paid and over payment if any, are dealt with promptly to regularize the same.
- (iv) Recoveries / Deductions made from the bills are in order.
- (v) Pay fixations are correct.
- (vi) All payments duly accounted for under the correct heads of accounts.
- (vii) Various broadsheets, objection books are maintained properly and the broadsheet are closed regularly every month and differences between the broadsheet and ledger figures are analysed and steps taken to clear them expeditiously.
- (viii) Interest wherever required has been correctly calculated and accounted for.
- (ix) GPF / CPF accounts are maintained properly and agreed by maintaining the prescribed broadsheet and statement of accounts are issued by the due dates.
- (x) The recoveries / deduction made from the bills are in order.

- (xi) There is no undue delay in finalization of pension cases.
- (xii) The instructions contained in the Accounts Code (KVS) for the maintenance of cash book, contingent register, store & stock accounts and other account records are duly observed.
- (xiii) The funds are utilized within the period specified and unutilized balance if any under various heads, intimated to the RO/Sangathan for re-appropriation etc.
- (xiv) The instructions regarding reconciliation of expenditure and revenue receipts i.e. fees, fines etc. are followed.
- (xv) The instructions for maintenance of cash book, contingent register, stock stores accounts, log books and other accounts records are duly adhered to.
- (xvi) Scrutiny of sanctions and purchase processors in the office inspected, so as to ensure that they are free from any defect or lacunae.
- (xvii) Verification of the extent and frequency of control and checks exercised while the Head of Office in order to locate any lacunae in processors where by defalcations may be possible either individually or in collusion.

### **5.3 General Checks on all classes of bills**

5.3.1 No payment can be made except against the presentation of bills / cash memos. A consolidated list of checks to be exercised on various types of bills is given as under:

- (i) The bills are prepared in the prescribed forms, signatures are genuine and the bills are in original.
- (ii) There is no erasing / cutting and that any alteration in the totals is attested by an authorized officer.
- (iii) The totals of the bills are in words as well as in figures.
- (iv) No payment is made on a bill or order signed by a subordinate authority instead of the Head of the Department or other authorized officer.
- (v) The classification noted in the bill is correct with reference to the nature of transaction.
- (vi) The progressive expenditure figures including the present bill are noted on each bill by the authority competent to incur allocated funds.

### **5.4 Checks to be exercised for any expenditure for supplies or services rendered.**

5.4.1 Internal inspection should exercise the following checks while scrutinizing the payments relating to supplies or service rendered:

- (i) that there is a sanction, special or general, accorded by the competent authority;
- (ii) that there is necessary provision of funds;

- (iii) that the supplies are arranged or services got done in accordance with the rules laid down by the Sangathan;
- (iv) that in the case of work done or purchases made, the procedure for purchases prescribed in Chapter 17 (of Accounts Code- KVS)has been strictly adhered to;
- (v) that the charges do not exceed the rates or scales or other ceiling fixed under the rules or orders issued by the Ministry / Sangathan;
- (vi) that the expenditure is in conformity with the financial principles and propriety explained in Article 52. (of Accounts Code – KVS)
- (vii)The following certificate prescribed under the Central Govt.(Receipt & Payment) Rules 1983 and General Financial Rules 205 are recorded on the suppliers bill under the signature of the authorized officer:
  - Stores have been received in full quantity.
  - There quality is good and they are according to approved specifications where prescribed.
  - Stores have actually received and taken in charge at page – of the appropriate stock register.

## **5.5 Registers**

5.5.1 In examining the various registers it shall be seen that:

- (i) the register under scrutiny is maintained in the prescribed form.
- (ii) the register are page numbered and a certificate of page counting is recorded by a responsible officer on the first page.
- (iii) all the columns provided there in are correctly filled in.
- (iv) the transactions recorded there in are entered in the chronological order.
- (v) there is no evidence of tempering with the entries of pages of the register.
- (vi) there are no overwriting erasers etc. and all corrections are neatly made by drawing a line through the erroneous entry and inserting a fresh entry under proper attestation.
- (vii) each register is kept up-to-date and reviewed by the appropriate authority at regular intervals as provided in the rules or instructions issued in this regard.

## **5.6 Stock Registers**

5.6.1 Stock registers are required to be maintained in the following prescribed forms:-

S.No.	Article	Stock Register Form Number
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1.	Library books	CS-26
2.	Laboratory Equipment	CS-24
3.	Furniture	CS-24
4.	Other Equipment	CS-24
5.	Immovable Assets (Property Register)	CS-25
6.	Stationary Articles	CS-29

5.6.2 The following checks in general should be exercised while scrutinizing the various stock registers:

- (i) The entries in the stock register should be attested by the authorized officer and in the case of Kendriya Vidyalaya attestation should be made simultaneously by the teacher.
- (ii) Each article had been allotted a separate page folio.
- (iii) Value of the stores have been entered and the same tallies with the entries shown in the register.
- (iv) Wherever article has machine numbers, a note of the machine number has been kept in the stock register for the purpose of identification
- (v) The principle in the case of KV and in other cases any designated officer should personally undertake a physical verification of important items (i.e. items costing Rs. 1000/- and above) and attest the relevant entries in the stock register and the bill in token of the verification.

## **CHAPTER - 6**

### **AUDIT OF PROCUREMENT OF GOODS & SERVICES**

#### **6.1 General**

6.1.1 The system of procurement, accountal and disposal of goods has been liberalized by the Government of India in line with accepted international practices. The Kendriya Vidyalaya Sangathan and its Regional Offices and the Kendriya Vidyalayas also procure goods and Services for the implementation of its laid down objectives. Growing sophistication and Technology in managing the affairs of the KVS have also led to the need for hiring of Professionals and outsourcing of Services. The procurement of Goods and Services has therefore to be in conformity with the General Rules and instructions issued by the Government of India from time to time.

6.1.2 Pursuant to the revision of the General Financial Rules-2005, and the instructions of the Government of India, Ministry of Human Resources Development. The Board of Governors of the Kendriya Vidyalaya Sangathan, in its 81<sup>st</sup> meeting held on 18-12-2008 approved the amendments to Articles 169 to 183 of the Accounts Code ( Chapter-17) prescribing the Procedure for Purchases of Goods & Equipments, AMC for Computer & Peripherals; and Hiring of Service Provider for providing manpower for various Services etc. The KVS had, in January, 2009, issued suitable instructions with standard forms for purchases and procurement of goods & services by the Vidyalayas, Regional Offices, ZIET and Headquarters.

6.1.3 The Kendriya Vidyalaya Sangathan had standardized Tender/Bid Documents, Model Maintenance Agreements, Model Bank Guarantee Format For Furnishing EMD, Performance Security and all other Formats for uniform application by all the Schools, Regional Offices and Headquarters.

6.1.4 The term 'Goods' applies to all articles, materials, commodities, furniture, fixtures, raw material, spares, instruments, machinery, equipments, computers, etc. purchased or acquired for the use of Sangathan. Goods however do not include books, publications, periodicals etc. acquired by the Sangathan for its Library.

#### **6.2 Audit Charter For Procurement of Goods**



The Internal Audit function would carry out audits to check that various field formations are complying the rules, policies and procedures adopted by the Sangathan with the approval of the BOG. The audit should also perform traditional audit to ensure that:

- i) Check the units total budget in office expenses and specifically that utilized for procurement.
- ii) Classify the organization's procurement into four different categories; Above 25 Lakhs, between 1-25 lakhs, between 15 thousand and one lakh and less than 15 thousand.
- iii) Check about the assessment of requirement of all these kinds of purchases being properly done.
- iv) Check whether above 25 lakhs have been done with open competitive bidding in a news paper.
- v) Check whether all the procedures prescribed in the Chapter-17 of The Accounts Code of the KVS have been followed such as having technical and financial bid for specialized purchases, purchase process monitored by a duly constituted committee, terms and conditions of contract or delivery clearly and elaborately specified etc.
- vi) Check whether any advance payment was made to the supplier.
- vii) Check the rates at which procurement was made with the DGS &D rates and analyze the variations.
- viii) Check the time frame in procurement and comment upon any inordinate delay at any stage.
- ix) After the award of contract, the time taken by the supplier in actual delivery of goods to the organization.
- x) Test check whether the goods procured conform to the specification provided in the work order.
- xi) Check for purchases under limited tender inquiry that whether the process of selection of vendors transparent.
- xii) Check whether, the KVS has registered the vendors based on their credentials for different categories of purchases.
- xiii) Check the methodology used by the department in identifying vendors for circulating NIQ/NIT for different types of purchases.
- xiv) Is any of the vendors selected for NIQ registered with the DGS &D or with any other Ministry.
- xv) Check whether the organization is resorting to splitting to avoid open competitive bidding.
- xvi) Check whether the same vendors are being repeated again & again.
- xvii) Check whether the vendors selected has got proper TIN number and is registered with the local Trade Tax Agency.

- xviii) Check whether the vendor is specialized in a particular type of good and identify such anomalies as a security agency bidding for computer or maintenance contract or providing data entry operators.
- xix) Check whether bank guarantee or some security deposits have been taken both in the case of open tenders and limited tenders.
- xx) Check whether the provisions of e-procurement where applicable has been adhered to. In cases of purchases whether the inquiry was placed on the website of the organization or not.
- xxi) Whether adequate time was given for submission of bides and where time provided was less whether it was justified on file through reasoning.
- xxii) If the goods are available on rate contract, the reasons for not using it should be determined.
- xxiii) In the case of limited tenders as well whether a purchase committee has been duly constituted to monitor the purchase process.
- xxiv) Check whether a market survey has been done by the purchase committee members to ascertain reasonableness of rates.
- xxv) Check whether adequate care has been taken to ensure that rates are reasonable and there is full value for the money.
- xxvi) Check whether all the goods purchased under different categories have been entered into the stock register as well.
- xxvii) In cases of single source purchases whether adequate justifications have been provided or not.
- xxviii) Check whether there is an adequate plan for putting the goods procured to proper use and steps have been taken in this regard.

### **6.3 Audit of Procurement of Services**

- i) Check whether the requirement of the services to be procured has been justified properly and approved by the competent authority.
- ii) Check whether the services to be procured are Of routine nature or are some specialized tasks requiring some high level of skilled manpower.
- iii) In case of routine service procurements such as unskilled labourers or security guards, terms and conditions with respect to type of work, hours of work, days of work etc. should also be clearly specified.
- iv) In routine service procurements a proper competitive bidding according to value of contract should have been done.

- v) In routine service procurements all the phases of procurement should be adequately checked such as sufficient time for submission of bids, a fair competitive bidding process, NIQ to reputed agencies, agency selected must have a TIN number, advertisement through website of the organization along with letters sent to certain selected agencies etc.
- vi) The provision of providing minimum wages as per the local government rules should be ensured in terms and conditions of the contract.
- vii) It should be checked that the agencies quoting below the minimum wages should be excluded from the competitive bidding.
- viii) A duly constituted purchase committee should monitor the procurement process.
- ix) The payment to the manpower hired should normally be made through cheques to ensure that the labourers hired get the adequate compensation and there is no harassment.
- x) In case of skilled manpower for routine work such as data entry operators and programmers the terms and conditions should be adequately specified.
- xi) The performance of Data Entry Operators and Programmers should also be regularly measured and audit should check that there is at least some system for ensuring adequate performance by the hired manpower.
- xii) In case of specialized tasks requiring very high skills levels a team to monitor the project should also be constituted from the KVS which would work in coordination with the hired agency to ensure proper service delivery.
- xiii) The Purchase committee should help the project implementation team in ensuring that all the provisions of GFR as adopted by the KVS should be adhered to.
- xiv) The terms of reference, the work specification etc. should be clearly stated and there should be a regular interaction between the project implementation team and the external agency to ensure that the consultant is able to understand the work and deliver adequate level of performance. The audit must check these aspects.

## **CHAPTER - 7**

### **AUDIT OF SCHOOL FUND ACCOUNTS**

7.1 The Accounts maintained by Kendriya Vidyalayas are broadly maintained under the following headings:-

- (i) School Fund,
- (ii) Vidyalaya Vikas Nidhi,
- (iii) Computer Fund,
- (iv) Hostel Fund, and
- (v) Any other Fund that may be specified.

The accounts relating to each of these funds are to be quite distinct from the other, so that the financial position of each fund is depicted separately.

#### **7.2 School Fund**

The School Fund consists of the moneys received from the Kendriya Vidyalaya Sangathan, the income by way of fees and fines, other miscellaneous income on receipts ( including donations, if any, not specifically earmarked for the benefit of the students) and the authorized items of expenditure/payment there against.

Funds other than school fund have been discussed in detail in subsequent chapters.

### 7.3 Rates of Tuition Fee, Computer Fund and VVN Contribution

The Board of Governors in its 84<sup>th</sup> held on 29-07-2009 approved the following rates of tuition fee etc. effective from 1-10-2009 by amending the Articles 59(c), 62, 66, 67 and 67A OF THE Accounts Code for the Kendriya Vidyalayas. However the rates for computer and Vidyalaya Vikas Nidhi fund have been revised with effect from 01.04.2013 vide no. 110240/04/2013/kvs(budget) dated 19.02.2013.

The present rates are as under:

Class	Tuition Fees (Rs. Per Month)	Computer Fund (Class III & Above) (Rs. Per Month)	VVN Contribution (Rs. Per Month)
I-VIII	NIL	100/-	240/-
IX-X	200/- (Boys)	100/-	240/-
XI-XII Commerce & Humanities	300/- (Boys)	100 & 150/- *	240/-
XI-XII Science	400/-	100 & 150/-*	300/-

\*For students opting computer science / IP as an elective.

### 7.4 Exemptions from the payment of Tuition Fees etc.

The children of the parents, who are living below poverty line and, whose income from all sources is less than Rs.3500/- per month are exempted from the payment of Tuition Fees & VVN up to two children.

### 7.5 Accounting and Audit of School Fund

7.5.1 It is the responsibility of the Principal to ensure that all the receipts/ income are brought to account without any delay and the funds are utilized for the purposes for which they are authorized, to obtain proper receipts/acquittance for moneys paid, to maintain proper accounts of cash, stores and other property and to produce the records and vouchers to the audit and to any departmental officer of the KVS.

7.5.2 All the moneys received by way of fees and fines shall be receipted in FORM CS-10 (which should be machine numbered) in duplicate by means of a carbon paper and signed by the authorized person. A separate Receipt Book may be maintained for each class. The original copy of the receipt is to be handed over to the payer while the duplicate copy of the receipt should be kept intact. As & when a new Receipt Book is issued, the following certificate should be obtained on the back of the front page cover:-

‘Certified that receipt from Sl. No. ----- To Sl. No. ---- have been counted and found correct’.

**Signature of the authorized officer**

7.5.3 No duplicate receipt should be issued to the payer; if necessary only a certificate of payment may be given in cases where originals are reported to be lost after instituting enquiry.

7.5.4 As soon as receipts for fee collections are issued, a note thereof should be made in the Attendance Register against the name of the student concerned. The total amount of collections on a day should be entered in the Abstract provided at the bottom of the Attendance Register and the receipt of the Cashier obtained in token of handing over the amount.

7.5.5 Summary of the fees collected each day should be prepared by the Cashier in FORM-CS-11 by entering the collections class-wise.

7.5.6 Any short or excess collection made should be brought to the notice of the Principal for necessary action.

7.5.7 At the close of each month, a summary of fees collected class wise should be prepared in FORM CS-54 on the basis of the entries in the Attendance Registers.

7.5.8 The totals as per the two summaries (CS-11 and 54) should be agreed. The Principal is personally responsible to ensure that t agreement has been done.

7.5.9 The Bank Account should be operated in accordance with the prescribed procedure, and the safe custody of Cheques and other valuable records should be ensured.

7.5.10 It should also be ensured that moneys realized are credited to the Bank Account within 24 hours of their realization or as soon as possible thereafter depending on the circumstances on each occasion.

7.5.11 Exemption, if any, granted should be according to the conditions prescribed by the Government/KVS;

7.5.12 Purchases of the school equipments etc. required should be in accordance with the prescribed procedure as proscribed in Chapter-15 of the Accounts Code.

7.5.13 Annual physical verification of the stores should be conducted once in a year.

7.5.14 The school Funds must be utilized for the specific purposes in conformity with the scales, limits and conditions attached thereto and also within the time allowed for utilization and surrender the unutilized funds forthwith as prescribed in Chapter 4 and 6 of the Accounts Code.

7.5.15 No Accounts Records should be destroyed before the expiry period proscribed period of preservation, if any, or without the permission of the KVS;

**CHAPTER - 8**  
**VIDYALAYA VIKAS NIDHI (VVN)**

**8.1 Introduction**

Vidyalaya Vikas Nidhi was introduced with effect from 01.04.2000 by merging the three funds, (i) Pupil Fund, (ii) Science Fund, & (iii) Maintenance & Development Funds, for the over all development including the extra curricular activities, Health & Welfare of the student community. Purposes for which the VVN is to be utilized are given in Article 197-C of Chapter 21, of the Accounts Code for the KVs.

The present rates at which contributions towards VVN are to be collected on quarterly basis from the students were approved by the Board of Governors in its 94<sup>th</sup> meeting held on 28.12.2012 effective from 01.04.2013 are given below.

Class	Revised Rates
I-VIII	500/-
IX-X	500/-
XI-XII	500/-
XI-XII Commerce & Humanities	500/-
XI-XII Science	500/-

## **8.2 Exemption from payment of Vidyalaya Vikas Nidhi**

Following categories of students were however, exempted from the payment of VVN.

- i) Children of the officers and men of the Armed Forces and Para-military personnel killed or disabled during the hostilities in 1962, 1965, 1971, 1999 and Kargil war; and
- ii) Girls studying in Class VI onwards, who are a single child in their family and children of the parents, who are living below poverty line and whose income from all sources is less than 3500 per month have been exempted from payment of VVN contribution w.e.f 1.1.2006.

## **8.3 Purposes for which VVN can be utilized**

- a. Subject to the financial ceilings specified in Articles 202, of Accounts Code of KV the Vidyalaya Vikas Nidhi shall be utilized exclusively for the purpose of School Development.
- b. Broadly, the purpose for which the VVN may be utilized shall be the following :-
  - (i) Engagement of part time teachers (Including Computer Instructions/Teachers) on contract basis against leave vacancies, vacancies caused by suspension of regular employees, and for other temporary activities but excluding remuneration of part-time teachers appointed against vacancies in regular sanctioned posts. Remuneration of contract teachers appointed against clear vacancies in regular sanctioned posts shall be met out of School Fund i.e. Govt. Grant;
  - (ii) Petty Construction work undertaken;
  - (iii) Repairs and maintenance of
    - (a) School building including toilets, septic and overhead tanks, campus and playground;
    - (b) Classroom furniture and fixtures;
    - (c) Laboratories and Laboratory equipments;
    - (d) Audio Visual and Musical Instruments; and
    - (e) Sports Articles/Goods
  - (iv) Purchase of Sports articles/like;
  - (v) Sports Meets, Participation in Adventure Activities, SGFI Sports Meet, etc;
  - (vi) Scout & Guide Activity;
  - (vii) Pupil Societies; Annual Function, Other School Functions (e.g. Republic Day, Independence Day, Teachers Day etc.) and other Children Group Activities;



- (viii) School excursions;
- (ix) Conduct of Examinations and related activities;
- (x) Incidental expenses connected with visits to the school by dignitaries like Hon'ble Ministers, Parliamentary Committees, etc.;
- (xi) Beautification and horticultural development of the school campus including tree plantation;
- (xii) Purchase of laboratory equipment, audio visual aids, musical instruments and library books;
- (xiii) Publication and printing of Vidyalaya Magazine and Student Diary;
- (xiv) Purchase and maintenance of Computer Hardware and Software including e-mail/internet facility for students.
- (xv) Provision of first aid and other necessary medical facilities during school hours;
- (xvi) Security of the school.

#### **8.4 Emergency Assistance to students in distress**

In case of untimely death of the parent/guardian of a student, VMC may consider financial assistance to such student for continuation of studies for that academic session as per Article 202 subject to satisfaction that there are no other family members to enable the student to pursue with studies.

#### **8.5 Forbidden purposes for which VVN shall not be utilized**

The Vidyalaya Vikas Nidhi shall not be spent on any purpose other than those specified in Article 197-C. In particular, it shall not be utilized for:-

- (i) Meeting expenditure on pay and allowance, office expenses other than those specified in Article 202;
- (ii) Construction/repairs of staff quarters;
- (iii) Meeting expenditure in connection with the maintenance of NCC troops;
- (iv) Meeting expenditure for the benefit of a particular person or persons (including the officers of the Sangathan); and
- (v) For running of bus service, subsidy for canteen, books, store or subsidy of any kind.
- (vi) Transfer of the VVN to School Fund and other purposes is forbidden except for salary payments in emergency and in anticipation of receipt of funds from the Sangathan.

## **8.6 Time limit for Utilization of funds and disposal of surplus funds of VVN (Rule 204 of the Accounts Code)**

As far as possible, contributions made to the VVN in a year should be utilized within that year itself as per well planned programme of activities aimed at overall school development including the extra curricular activities, health and welfare of the student community. Surplus funds i.e. funds remaining unutilized shall be allowed to be carried forward for a period of three years. Therefore, the said unutilized balance, which remains beyond three years, shall be transferred to VVN Deposit Account of the Regional Office. Likewise, surplus funds remaining unutilized in Regional Office VVN Deposit Account beyond a period of three years shall be transferred to VVN Deposit Account of Kendriya Vidyalaya Sangathan HQ. The amount of VVN Deposit Account with Kendriya Vidyalaya Sangathan Hq. shall be reflected and adjusted in Non-Plan School Fund Deposit during that financial year.

## **8.7 Maintenance of Records of collection of VVN**

Accounts Code of Kendriya Vidyalaya Sangathan provides the maintenance of records of VVN in Form Nos. 11 & 54 to record the composite information of amounts 'Due' & 'Recovery' & balance, if any, of the fee including VVN. This helps the Management to assess the anticipated receipts and recoveries to formulate their planning with regard to VVN Funds available for the development activities of the Kendriya Vidyalayas and other connected activities as spelt out in Rule 197 Accounts Code of Kendriya Vidyalaya Sangathan.

## **8.8 Management of the Vidyalaya Vikas Nidhi**

Management of the Vidyalaya Vikas Nidhi shall vest in the Vidyalaya Management Committee of the Vidyalaya subject to instructions and guidelines of the Kendriya Vidyalaya Sangathan.

## **8.9 Budgetary Control**

In March every year, each Kendriya Vidyalaya shall prepare and present its Annual Budget in respect of VVN for the next financial year showing opening balance, estimated receipts and expenses under various heads for consideration and approval of the Vidyalaya Management Committee. Expenditure out of Vidyalaya Vikas Nidhi shall be incurred only after and in accordance with the budget approved by the Vidyalaya Management Committee of the Vidyalaya.

## **8.10 Bank Account**

The account of the 'Vidyalaya Vikas Nidhi' should be maintained with State Bank of India or any scheduled bank of Indian origin. As far as possible, each Vidyalaya will maintain School Fund and VVN Fund Account in the same bank. The account should be operated jointly by the Principal and Vice Principal/Senior-most Teacher of Vidyalaya. For meeting petty cash payment relating to the Fund, a permanent imprest not exceeding Rs. 5000/- may be kept by the Principal. Rules regarding the operation of the bank account and maintenance of Cash Book contained in Chapter 8 of the Accounts Code would be followed.

**8.11 Financial limits of expenditure at the school level out of the Vidyalaya Vikas Nidhi on various items per annum as on April, 2013 (subject to amendments from time to time).**

The financial limits up to which expenditure can be incurred at the school level out of the VVN on various items per annum are given below:-

<b>Sl. No.</b>	<b>Item</b>	<b>Financial Limit</b>
1.	Engagement of part-time teachers (including Computer Instructors/Teachers) on contract basis	Rs.3.00 lakh per annum subject terms and conditions for such engagement as decided by the Commissioner from time to time.
2.	Petty construction work concerning the school viz. Toilets, Sewerage Tank, Overhead Tank, Stage, Activity Room, etc.	Rs. 2.00 lakh per annum.
3.	Repairs and maintenance of A. School building, its toilets, septic and overhead tanks including playground and campus.	(a) Schools having one section Rs. 1.00 lakh per annum; (b) Schools having two sections-Rs.2.00 lakh per annum; and © Schools having three or more sections – Rs.3.00 lakh per annum.
	B. Classroom furniture & fixtures	Rs. 10,000/- per annum
	C. Lab Equipments	Rs. 10,000/- per annum
	D. Audio Visuals and Musical Instruments	Rs. 10,000/- per annum
4.	Purchase of classroom furniture and fixtures.	Rs. 1.00 lakh per annum
5.	Purchase of Lab. Equipment including consumables and also the upkeep of the laboratories.	Rs. 1.00 lakh per annum
6.	Purchase of audio visuals and musical instruments	Rs. 50,000/- per annum
7.	Purchase of sports goods & kits; prizes to winners in School Sports and inter-class or inter-house matches; entry fees of the school teams for tournaments, photography and providing of refreshments	Rs. 1.00 lakh per annum  (Atleast 25% of the amount should be utilized for Primary Section of the School)
8.	Pupils Societies; Annual Function, Other School Function (e.g. Republic Day, Independence Day, Teacher's Day, etc.)	Rs. 1.50 lakh per annum
9.	School excursions	Rs. 50,000/- per annum
10.	Conduct of Examinations.	Rs. 1.00 lakh per annum
11.	Incidental expenses connected with	Rs. 20,000/- per annum

	visits to the School by dignitaries like Hon'ble Ministers, Parliamentary Committee, etc.	
12.	Beautification and horticultural development of the school campus including tree plantation.	Rs. 50,000/- per annum
13.	Development of facilities for library such as purchase of books, educational technology and reprographic facilities, furniture, Vidyalaya magazine and Student Diary	Rs. 1.00 lakh per annum
14.	Procurement, maintenance and development of Computers and Computer related technologies, hardwares as well as software, including e-mail, inter-net for students (not for office or administration).	Rs. 1.00 lakh per annum
15.	Provision of medical facilities of emergent nature during school hours.	Rs. 20,000/- per annum
16.	Security of School : Expenditure on outsourcing agencies	Rs. 1.00 lakh per annum
17.	Misc. Office Expenses	Rs. 50,000/- per annum
	A. Taxes and other such payments	
	B. Electricity & Water Charges	Rs. 50,000/- per annum
	C. Other expenses	Rs. 50,000/- per annum
18.	Emergency Assistance to the student	Exemption of VVN for one academic session.

**Note :**

- 1) In respect of items at serial numbers 1, 4, 5, 6, 7, 8, 9, 10, 13, 14 and 17 schools having more than two sections with an average students strength exceeding 1000 can incur expenditure with pro rata increase.
- 2) In respect of other items school having more than two sections can incur expenditure as per actual requirement upto a maximum 20% in excess of prescribed ceiling proportionate to the increase in the students strength.

**8.12 Delegated Powers to incur expenditure out of VVN**

The delegation of powers to incur expenditure out of VVN are given below (subject to amendments, if any)

Sl. No.	Level of Delegation	Financial limits on one occasion
1.	Principal	Rs.25,000/-

2.	Executive Committee	Rs.1.00 lakh
3.	Vidyalaya Management Committee	a)Rs.2.00 lakh b)Rs.3.00 lakh in respect of Maintenance & Repairs in respect of Vidyalayas having three or more sections.
4.	Assistant Commissioner of the Region	a)Rs.3.00 lakh b)Above Rs.3.00 lakh and upto Rs.5.00 lakh for Maintenance & Repairs in respect of Vidyalayas having three or more sections.
5.	Joint Commissioner (Admn.)	Full powers with concurrence of Dy. Commissioner (Fin.), Kendriya Vidyalaya Sangathan.

### 8.13 Advance from VVN

Save in exceptional circumstances on grounds of urgency, no advance should be taken from the Fund except with the prior approval of the Executive Committee. Advance in exceptional circumstances should satisfy the following requirements:-

- (i) The expenditure to be met out of the advance should be a legitimate charge against the 'Vidyalaya Vikas Nidhi'.
- (ii) The advance is intended to meet expenditure at an outside place, which cannot be precisely estimated and which cannot brook any delay in payment internal audit the normal course.
- (iii)The advance should be limited to the anticipated expenditure.

### 8.14 Adjustment of Advance

An account of the advance should be rendered within a month after the event is over and note of the advance should be kept in the Register of Advances and Recoveries for the purpose of watching the adjustment thereof.

### 8.15 Reports and Returns

Each Kendriya Vidyalaya shall prepare a quarterly statement of receipts and expenditure and furnish the same to the Regional Office on the 15<sup>th</sup> April, 15<sup>th</sup> July, 15<sup>th</sup> October and 15<sup>th</sup> January of each year. The Regional Office, in turn, shall submit a consolidated quarterly statement of receipts and expenditure to the Kendriya Vidyalaya Sangathan Headquarters by 30<sup>th</sup> April, 31<sup>st</sup> July, 31<sup>st</sup> October and 31<sup>st</sup> January of each year in respect of the respective previous quarters.

### 8.16 Audit of Accounts of Vidyalaya Vikas Nidhi

While Auditing the Accounts of the Kendriya Vidyalayas the Audit of the Accounts of the Vidyalaya Vikas Nidhi should focus on the following points:

- a) Whether the prescribed charges of the Vidyalaya Vikas Nidhi are being collected on quarterly basis from the non exempted students.
- b) Whether the amount collected are being complied/maintained in the prescribed forms CS-11 and CS-54 as prescribed in Rule 197 of the Accounts Code.
- c) Whether the Vidyalaya Vikas Nidhi funds are being managed by the Vidyalaya Management committee and the minutes of the meeting are being recorded in the Minutes Book duly signed by the members.
- d) To check the Vidyalaya Vikas Nidhi is being utilized for the approved purposes as laid down in Rule 197 *ibid*.
- e) Whether the financial sailings for the expenditure as laid down in Rule 202 *ibid* are being adhered to.
- f) It must also be ensured that whenever an advance from the Vidyalaya Vikas Nidhi is granted for the exception circumstances as prescribe in Rule 205, the Account should be rendered within a month after the event is over. Further whether the note of advance has also been kept in the Register of the Advances and Recoveries maintained for the purposes of watching the adjustment thereof.
- g) Vidyalaya Vikas Nidhi funds are to be utilized for the planned program of activities aimed at overall school development including the extra curricular activities within a year, unutilized fund can be carried forward for a maximum period of three years, the unutilized funds are required to be transferred to Vidyalaya Vikas Nidhi Deposit Account of the Regional Offices. It should there for be seen in audit that this requirement is being followed except under the specific instruction of the Kendriya Vidyalaya Sangathan Hq..
- h) While auditing the accounts of the Regional offices it should also be seen that surplus funds remaining unutilized in the Regional offices Vidyalaya Vikas Nidhi Deposit Accounts beyond the period of 3 Years has also been transferred to the Vidyalaya Vikas Nidhi Deposit Account of the Kendriya Vidyalaya Sangathan Hq..

## **CHAPTER - 9**

### **KVS SPORTS CONTROL BOARD FUND ACCOUNT**

#### **9.1 Constitution of the Board.**

The constitution and activities of the SCB is governed as per 'KVS Sports Control Board Rules', 1975. The main purpose of the constitution of the board is that the games and sports programmes of Kendriya Vidyalayas shall be co-ordinated at various level by the Kendriya Vidyalayas Sports Control Board.

#### **9.2 Function of the Board**

The main functions of the board are to foster and promote sports activities among the students of Kendriya Vidyalayas, to organize and assist in organizing tournaments, to select the Kendriya Vidyalaya Sangathan teams for sports competitions organized by the outside bodies and to do all such activities as may be conducive to the development of sports in Kendriya Vidyalayas.

#### **9.3 Organization**

All functions of the board will be carried out by the Central Executive Committee at the Sangathan Hqrs. The Central Committee is helped in the performance of its activities by the Regional Executive Committee in every Region. The Central Executive Committee shall be over all incharge of the activities for the promotion of sports in all Kendriya Vidyalayas. The regional committees shall help the Central Committee and shall be responsible for promotion of sports activities in Kendriya Vidyalayas in their Region.

#### **9.4 Funds**

The funds of the Board shall comprise:

- (a) Contributions from the Kendriya Vidyalayas Vikas Nidhi\_\_ The main source of funds is the contribution to the sports funds by the Kendriya Vidyalayas. Each Kendriya Vidyalaya will subscribe every year a sum equivalent to 4 % of the total Vidyalaya Vikas Nidhi collection to the Regional Sports Control Board and 2 % to the Central Sports Control Board for promotion of Sports Activities, as per enrollment on 31<sup>st</sup> August of the year.
- (b) Allocation by the Sangathan of funds from the grants given by the Government of India.
- (c) Donations in cash and kind given by persons interested in the promotion of sports in Kendriya Vidyalayas.
- (d) Miscellaneous Receipt such as sales of bids, interest on investments etc.

## 9.5 Expenditure

9.5.1 The various types of expenditure to be incurred from the sports fund are as follows ;

### *Recurring Expenditure*

- (i) Coaching camp expenses
- (ii) Regional / National Meet
- (iii) Sports promotion
- (iv) Consumable for sports events
- (v) Contingencies items for board office
- (vi) Trekking / Adventure expenses
- (vii) Miscellaneous expenses

### *Non Recurring Expenses*

- (i) Courts for the game
- (ii) Stadium / Pavilion
- (iii) Sports Hostel
- (iv) Swimming Pool
- (v) Gymnasium
- (vi) Squash courts
- (vii) Ice Hockey Rings
- (viii) Other fixed assets

9.5.2 However, the following expenditure is permissible to be incurred out of the VVN in connection with games and sports with the approval of the Executive Committee:-

- (i) Purchase of sports material & Kit.
- (ii) Special expenditure on maintaining playground and tracks.
- (iii) Expenditure on prizes to winners, in school sports and inter-class or inter houses matches of the school.



- (iv) Expenditure on conveyance of students and staff in connection with Inter-Regional/National level and SGFI sports meet on the final day of function etc.
- (v) Expenditure in connection with special coaching to school students in scouting, guiding.
- (vi) D.A. to students at prescribed rate per student attending Regional/National sports and tournaments.
- (vii) Expenditure on medals and certificates to winners and participates in school sports, inter-class or inter-house matches.

## 9.6 **Audit of Accounts of Sports Control Board Fund**

9.6.1 During Internal Inspection the internal audit party should ensure the following by such test checks as may be considered necessary:

- (i) Reputed Sports persons, coaches, artists and craftsmen engaged to improve the standard of sports, games etc. on contractual basis have been paid on a “ as per student basis” at a rate that may be decided by the executive committee. The approval of the executive committee should be seen in this regard.
- (ii) The coaches / experts / artists /craftsmen allowed to use the facilities at the school with in the campus after school hours and during holidays commercially, are being charged 10% of the fee charged by them.
- (iii) It may be ensured that the expenditure out of the fund is incurred with the approval of the Central/Regional Executive Committee as the case may be.
- (iv) It should be ensured that the expenditure on hiring a coach for preparing and coaching a team at school level has been met from the Vidyalaya Vikas Nidhi with no contribution either from the students or Sports Control Board Fund.
- (v) Ensure that be Cash Book is maintained properly and in accordance with rules.
- (vi) Operate the bank account in accordance with the prescribed procedure. The cheques, counter file of cheques issued, pay in slips, bank statement of accounts and other valuable records concerning the bank account are kept in safe custody.
- (vii) The purchases have been made strictly in conformity with the orders/ instructions issued by the Board or the Executive Committee.
- (viii) Ensure that the accounts of the fund are maintained properly, accurately and in accordance with the procedure laid down by Sangathan for the preparation of annual accounts.
- (ix) To administer the Sports Control Board Fund as property of KVS in the best interest of the Sangathan.
- (x) The Sports Control Board fund are not being utilized for the benefit of individuals or only some of students / teachers.
- (xi) Keeping in view the need for economy, strict measures are being taken to avoid any wasteful expenditure.

- (xii) No expenditure is incurred except in pursuance of a recognized policy for specifically approved purpose.
- (xiii) The expenditure should not prima facie be more than the occasion demands and the expenditure is incurred with due regard to broad and general Principles of financial propriety.
- (xiv) Investment of surplus funds are made strictly in accordance with the guidelines issued by the Sangathan.

## **CHAPTER - 10**

### **AUDIT OF HOSTEL ACCOUNTS**

#### **10.1 Functioning of Hostels**

Students of Kendriya Vidyalayas whose parents/guardians are not residing in the town in which the Vidyalaya is located shall be eligible for admission to Vidyalaya Hostel in order of priorities laid down for admission to Kendriya Vidyalayas. The admission in hostel will be given to the students of class 6<sup>th</sup> and above. Admission to the hostel should be made strictly according to the priorities and other instructions issued by the Sangathan from time to time. The administration of the hostel fund is to be entrusted to a committee called Hostel Fund Committee. Teachers and other staff cannot be allowed to avail of the hostel facility without the specific approval of the Sangathan. As far as possible, guests of hostlers and the staff should not be entertained in the hostel. In exceptional circumstances guests may be permitted to avail of the hostel facility (Boarding, lodging or both) on payment of charges to be fixed for the purpose by the committee.

#### **10.2 Facilities to be provided to the Hostlers.**

- (i) Minimum basic facilities e.g. cot, mattresses with cover, Pillows with Pillow cover, study table, chairs, book racks and cup board.
- (ii) A reading room where newspapers, magazines and library books are available.
- (iii) Acquaguard, Gysers, Water Coolers and Colour T.V.
- (iv) A separate sick room for providing first-aid and treatment of common ailments.

#### **10.3 Hostel Fund**

This fund comprises the collection from the students towards boarding, lodging and other charges, if any, and permissible expenditure incurred thereagainst. The grant received from the Sangathan for purchasing hostel equipment should be accounted for in the School Fund and not the Hostel Fund.

The salient features of the Hostel Fund are as follows:-

- a. For procuring of non-recurring items for the hostel, including, furniture and equipment for dormitory, dinning hall, kitchen, sick room and nurses quarters, expenditure will be met by the KVS (HQ).
- b. All recurring expenditure (including expenditure on water, electricity, contingencies, maintenance & replacement of furniture and equipment) will be met out of the monthly collection from each boarder and deficit, if any, shall be met out of the KVS funds.
- c. The Hostel Fund should be administered in such a way that it is self supporting, i.e., there is no profit or loss over the period of a hostel year which inter-alia means that the hostel charges recoverable from each hostler every month may be accordingly fixed by the principal in consultation with the Hostel Fund Committee.
- d. The budget of the hostel should be prepared for the period from the date of opening of the hostel to the normal date of closing and should include the anticipated collection and expenses.
- e. The finances of the hostel other than the funds for hostel equipment and the salary of the regular staff, should be kept distinctly in a bank account. If the Boys hostel and Girls hostel function completely independent of each other separate bank accounts should be opened for each of them.
- f. The Annual Accounts of the Hostel Fund should be prepared in the proforma given in Part-II of "Accounts Code for Kendriya Vidyalayas" after taking into account the instructions contained in Appendix 6 of the above volume.

## **10.4 Audit Checks**

### **10.4.1 Accounting of transactions**

The principal, in his capacity as the administrative head of the school will automatically be responsible to ensure that all the receipts/income are brought to account without any delay and the funds are utilized for the purpose for which they are authorized, and to maintain proper accounts of cash, stores and other property. Keeping in view this principal into consideration the inspection party may examine the following documents/records during internal audit of Hostel Fund Accounts:

#### **(i) Cash Book**

- a) The cash book is the most important record and as such it may be ensured that the cash book is being maintained in form CS-22 for accounting of cash transactions of the hostel. A separate bank account has been operated for accommodating cash transactions of the hostel funds, and the bank account is being operated jointly by the Principal and the Warden.
- b) all entries of receipts and payments are made immediately as they occur and checked and attested by the warden.
- c) the collections are deposited into the bank with in 24 Hours.

- d) all receipt transactions are supported by receipt in form CS 10 which should be issued by the Hostel Clerk in respect of hostel charges collected from hostlers.
- e) the receipt, which is machine numbered, when bought to use, certificate of count of its pages should be furnished by the hostel clerk.
- f) stock register is being maintained to keep an account of receipts, issue and balance of receipt books.
- g) all payments are supported by proper vouchers and 'Payees' receipts for sums exceeding Rs.5000/- are stamped, where necessary.
- h) acquittances are signed in ink or ball pen and seals or thumb impressions are authenticated by the warden.
- i) the physical verification of the cash balance is done by the Warden at the close of each month and a certificate to that effect is recorded in the cash book.

#### **10.4.2 General Ledger and Personal Ledger**

Besides the Cash Book, a General Ledger and a Personal Ledger is being maintained (in form CS-56) which may be verified to see that

- a) the total collections from the hostlers on each day are analyzed and credited to the Ledger Accounts i.e., Boarding Account, Establishment Account, Lodging Account and caution Deposit Account.
- b) the total expenditure for a month is worked out separately for Boarding, Establishment and Lodging.
- c) the expenses on Boarding are distributed over the number of hostlers so as to arrive at the pro-rata charges.
- d) the pro-rata charges are debited and individual collections from the hostlers are credited in their personal accounts in the personal ledger.
- e) the hostel charges are paid every month by the prescribed date failing which penalty as prescribed from time to time by the Sangathan levied and recovered.
- f) whether the expenditure under Boarding, Establishment, and Lodging are being reviewed in the first week of every month by the principal to see how for the collection is adequate.

#### **10.4.3 Stock Register**

It may be seen that:

- a) a stock register of furniture, fans, utensils and other articles in form CS-24 is being maintained in the hostel
- b) the stock items are being kept separately and not mixed up with other stock of Vidyalaya.
- c) the Warden / Assistant Warden have taken adequate measures for their proper storage and safe custody.
- d) the Warden / Assistant Warden is conducting an independent physical verification once in two weeks and certificate recorded in the register.

e) a separate stock register showing the utensils and other items in daily use in the hostel has also been maintained. The utensils kept in the custody of the head cook are being physical verified once a week by the Warden/ Assistant Warden and recorded in the register.

f) all shortages in stock, if any, are being investigated and responsibility fixed.

g) the principal is to examine the stock registers periodically to ensure that these are maintained properly.

#### **10.4.4 Purchases of ration items**

As the expenditure on boarding is met by the student (hostlers) it is incumbent that the expenditure on this account should be rigidly controlled. If convenient a committee of student-inmates of the hostel should be formed to make purchases of ration items from the Super Bazaar / Govt.-Stores / Military Canteen where facilities exists / Open market. During internal audit the procedure adopted for purchase of provisions, milk, fuel and vegetables may be assessed from economy angel.

#### **10.5 Returns**

(a) A quarterly statement showing a summary of the transaction concerning the Hostel Fund is being rendered to the Regional Office in form C.S. 57 on the prescribed date.

(b) A copy of the Annual Accounts in the prescribed proforma is furnished to the Regional Office by the due date.

## **CHAPTER - 11**

### **AUDIT OF ACCOUNTS OF DEPOSIT WORKS**

The work of construction of buildings, staff quarters and hostels for the Kendriya Vidyalayas is undertaken according to a planned programme depending on the availability of land and priorities.

#### **11.1 DEPOSIT WORKS OF THE SANGATHAN**

As the Kendriya Vidyalaya Sangathan has no agency of its own for Panning, Designing and Executing the Construction Works, outside organized Agencies like the M.E.S., C.P.W.D. and P.W.D and some other Semi-Government Construction Agencies are engaged for the purpose on payment of the prescribed departmental charges. However, in the case of works entrusted to M.E.S., no departmental charges are livable as the Sangathan Works are treated as an “Agency Basis” by the Ministry of Defence, Government of India. The construction works of the Sangathan is therefore is undertaken by these Agencies as ‘ **Deposit Work**’. The term ‘Deposit Work’ is applied to works of construction or repairs and maintenance, the cost of which is met out of the Government grants to autonomous or semi-autonomous bodies or institutions through Administrative Ministries.

#### **11.2 WORKS COMMITTEE OF THE KVS**

The Sangathan has a Works Committee to recommend the work policy of the Sangathan- (i) to consider and approve the work programme, (ii) to prescribe norms for issue of administrative approval and expenditure sanction, (iii) to review the progress of construction work, & (iv) to advise the Board of Governors on Policy matters relating to works programme.

#### **11.3 Requirements to be met before entrusting the ‘Deposit Work’**

Following requirements must be met before a new work is taken up or liability incurred in connection with it.

- (i) The name of the work is approved by the Works Committee of the KVS;
- (ii) The lease deed in respect of the transfer of the land to the Sangathan already exists/has been executed;
- (iii) Administrative approval for undertaking the work has been accorded by the Competent Authority;

- (iv) A properly detailed design and estimate has been received from the Construction Agency and necessary sanction to incur the expenditure issued;
- (v) Necessary funds to cover the charge during the year are available.

#### **11.4 Audit of Works entrusted to M.E.S, / C.P.W.D;/P.WD**

- i. The agency of the M.E.S is generally employed in respect of works to be executed in regimental areas.
- ii. The agency of the C.P.W.D/State P.W.D. is generally employed in respect of works to be executed in civil areas.
- iii. Senior most Engineer of the Agency at the station should also be co-opted in the School Management Committee to facilitate the execution of the work with a intimation to KVS.
- iv. Registered Lease Deed, duly signed by the authorized officer of the Sangathan along with a copy of the site plan showing clearly the plot boundaries, existing structures, if any, be kept as a record in the Vidyalaya & a copy be kept with the KVS Headquarters.
- v. The Master Plan of the entire campus containing details of all the Components such as (i) School Buildings, (ii) Hostels, (iii) Staff Quarters, (iv) Playground, etc. prepared by the Agency should be sent by the Principal of the School to the K.V.S. for approval.
- vi. After approval by the 'Works Committee', the plans and the estimates of the proposed works are to be prepared by the M.E.S. for the approval of the Competent Authority of the K.V.S
- vii. The first installment of the estimate will thereafter be released for the commencement of the work. The funds shall be remitted by means of Bank Draft/Cheque drawn in favor of the school to the Principal who will in turn deposit the sanctioned funds to the Construction Agency.
- viii. Second & subsequent instalments of funds will be sanctioned by the Sangathan in stages depending on the progress of the work and also after taking into account the expenditure incurred out of the funds already advanced to the Construction Agency.
- ix. A monthly progress in prescribed proforma (CS-71) , duly filled in by the Agency entrusted with the work, at the end of every month should be submitted to KVS by 10th of the succeeding month together with the demand for additional funds, if warranted.
- x. Deviation from the approved estimates is not permitted without the prior approval of the KVS even if the work may result in savings.
- xi. When the work is completed, a completion certificate; record drawings and the completion report should be obtained & kept in record OF THE Vidyalaya.
- xii. Possession of the completed building and inventory according to approved specifications listed in the estimates should be taken by the School. Copy of the inventory of all electric fittings, sanitary and water supply fittings & other fittings should also be kept in school records.
- xiii. An account of expenditure incurred on the work is also required to be obtained from the Agency soon after the completion of the work & further action as required in Article 84 of the Accounts Code should be taken.
- xiv. A copy of the completion Report along with the final Expenditure Statement should also be sent to the KVS for final settlement of the accounts of the individual work.
- xv. The Construction works involve heavy financial outlay, the Principal is responsible to see that the work is commenced without delay & the funds do not remain blocked unnecessarily and the work is completed expeditiously.

- xvi. Deduction of prescribed percentage of Income Tax from payment to Contractors & sub-contractors exceeding Rs.20,000/- in a financial year should also be made by the Agency making payments to Contractors and credited to Government Account within the prescribed time along with prescribed form.
- xvii. The Agency is also required to send a Quarterly report to the Sangathan showing the amount of deposit and the expenditure incurred against each of the works for settlement of accounts.
- xviii. It should also be ensured that the accounts against the deposit works are settled expeditiously and do not remain unsettled for a long time.

## **CHAPTER - 12**

### **AUDIT OF SUBSIDIARY ACCOUNTS**

Every office (DDO) handling cash and establishment matters is required to maintain Cash Book, Bill Register, Pay Bill Register, Contingent Charges Register, Stock Register, Service Books etc. The most common records and procedures which are to be scrutinized in Internal Audit and the checks to



be exercised in detailed Audit of initial and subsidiary records are listed in this chapter. These instructions should be read together with relevant provisions of Receipt and Payment Rules, 1983, and the instructions contained in Account Code (KVS) and that may be issued by the commissioner.

### **12.1 Cash Book**

The Cash Book is the most important record for Internal Audit. The cash Book shall be checked in detail for the month selected for detailed audit and subjected to intelligent scrutiny. All receipts of Cash as shown in the counterfoils of Receipt Books, Self Cheques drawn in Payment of Bills and receipts from other sources and all payments shall be carefully traced into the Cash Book. It shall further be seen that:-

- i. It is maintained in CS-22 and is closed regularly and checked properly.
- ii. The physical verification of cash balance is done by the drawings & disbursing officer at the close of each month and a certificate to that effect is recorded in the Cash Book.

### **12.2 Cheques and Cheques Books**

- i. Cheques Books are in the personal custody of principal.
- ii. As soon as cheque book brought into use an information is to be sent to concerned Bank.
- iii. The amount shown in the cheque/counterfoil be tallied with payment side of the Cash Book.
- iv. All cancelled cheques be shown cancelled on the body of the cheques as well as on counterfoil and cheque issue register.
- v. The Principal is to give the certificate of count on the fly leaf of cheque book, after receipt of it from the bank. Stock register of Cheque Book is to be kept.
- vi. The names of drawing & countersigning authorities with a set of their signature is to be given to Bank.
- vii. All cheques drawn are serially entered in there chronological order.

### **12.3 Valuable Register**

The valuable such as bank drafts/cheques/order etc. are entered is a valuable register maintained for the purpose.

- i. Valuable received is entered in the register on daily basis of its actual receipt and its total is entered in the Cash Book by a single entry.
- ii. All the particulars of each valuables are recorded in the register.

- iii. References of remittance into bank is to shown against each valuable.
- iv. The remittances made into banks are watched for crediting into Govt. Account, and delays by the bank be thoroughly investigated.

#### **12.4 Receipt Book**

While inspecting the records Internal Audit team should see that:-

- i. A stock register in the prescribed form is maintained to keep an account of receipts, issue and balance of receipts books.
- ii. The dues are realized in time and all realizations entered in the Cash Book and remitted to the Bank without any delay.
- iii. All sums due are received and checked against demand.
- iv. Receipts in printed forms are issued in a consecutive order for all money received.
- v. All the receipts books are kept under lock and key in the custody of a responsible officers & one book is issued to an individual officer on receipt of previous used up books.

#### **12.5 Contingent expenditure**

- i. For proper control over the utilization of funds under contingencies a Register of Contingent Charges (CS-19) is maintained.
- ii. The budgeted amount is allotted under different sub heads.

#### **12.6 Stores and Stock accounts**

It shall be seen in Internal Audit that:

- i. The registers of dead stock, stationery, consumable stores etc. have all been maintained in the prescribed forms and each article is accounted for in the appropriate register.
- ii. All stores when received are examined, counted, measured or weighted as the case may be, before delivery is taken and are entered in the appropriate stock Register after verifying that the quantities are correct, their quality is good and they are according to the specification.
- iii. Proper records for stores declared surplus, obsolete or unserviceable are maintained for watching disposal thereof and when such stores are disposed of, the instructions laid down, in Govt. of India decision below Rule 124 of GFR are followed.
- iv. Store acquired/purchased are utilized within the reasonable time for the purpose for which they were purchased, acquired; and
- v. Totals and closing balances have correctly been worked out and there are no erasures/over writing.

#### **12.7 Physical Verification of Stores**

In regard to physical verification of stores it should be seen during internal audit that physical verification of all the stores is done at least once a year according to principals prescribed in Rules

118 of GFRs by a person authorized to do so, and a certificate of verification of stores with its results is recorded in the inventory account.

### **12.8 Disposal of surplus and obsolete stores.**

In regard to sale and disposal of surplus and obsolete stores, it should be seen during internal audit inspection :

- i. That prior sanction of the competent authority is obtained not only to the declaration of stores being obsolete/ surplus, or unserviceable but to its disposal also. Such authority shall specify the manner in which it is to be disposed of by sale or otherwise.
- ii. Each order declaring the stores as obsolete, surplus or unserviceable shall specify in full the reason for declaring them as such and proper records of all such stores are maintained for watching their disposal.

### **12.9 Service Records- Service Books**

As per SR-196 & 197 the Heads of office are required to maintain Service Book and leave Account of all the regular employees of their offices. The following points should be borne in mind while examining the Service Books:

- i. Service Books for every Sangathan employee is maintained whether gazetted or non-gazetted in the prescribed form.
- ii. The date of birth has been indicated in words and figures on the first page of the Service Book and no alteration is made in the date of birth without the sanctioning of the competent authority.
- iii. All entries on the first page of Service Book are complete and are verified after the expiry of every five years.
- iv. Head of the office in the Services Books records certificates of verification of services every year with reference to relevant records such as PBR etc.
- v. Declaration of the employee electing the scales of pay as also the statement showing the fixation of the initial pay in the relevant scales of pay in support of the entries made in the Service Books have been pasted in the Service Books.
- vi. Nominations in respect of GPF, DCRG, family pensions insurance etc. have been obtained in the prescribed forms, pasted and recorded in the Service Book.
- vii. The declaration of details of family members in form 3 has been obtained in the prescribed form from the official and pasted in the service book.
- viii. Declaration of Home town is obtained from the official and pasted in Service Book. The certificate of availing LTC by the official is recorded in the Service book.
- ix. GPF A/C number allotted to the official has also been recorded in the Service book.

### **12.10 Pay Bill Register**

- i. All payments made to the staff members such as salaries & other allowances are entered in concerned column.
- ii. Scale of pay, date of increment, date of birth etc are noted in the column provided for in the register.

- iii. All the advances made to the individuals its recoveries centered in the register.

### **12.11 Register undisbursed Pay & Allowances**

- i. Account of undisbursed Pay & Allowance is kept in a Register CS-62 as required under Art.97 of Account Code.
- ii. Entries of the total and particular amount of undisbursed Pay and Allowance is made bill wise serially, and subsequent payments thereof entered in the appropriate columns of the Register and the Cash Book under proper attestation.
- iii. An abstract of amounts remaining undisbursed for 3 months is prepared and the amounts are refunded either by cash or by short drawal in the next bill.

### **12.12 Modified Assured Carrear Progression Scheme (MACPS)**

In Internal Audit of MACPS it may be ensured that:-

- i. The scheme envisages placement in the immediate next higher grade pay in the hierarchy of the recommended revised pay band and grade pay.
- ii. The financial upgradation under the scheme was granted only when an employee had spent 10 years continuous service in the same grade pay.
- iii. The second upgradation was granted after completion of 10 years regular service from the date of first financial upgradation.
- iv. The third upgradation was granted after completion of 10 years regular service from the date of the second financial upgradation. If the first upgradation got postponed on account of the employee not found fit the second and third upgradations had also got deffered accordingly.
- v. Three financial upgradations under the scheme in the entire carrier of an employee was counted against regular promotions availed from the grade in which the employee was appointed as a direct recruit.
- vi. The period of regular service for grant of benefits under the scheme had been counted for the grade in which an employee was appointed as a direct recruit.
- vii. Financial upgradation under the scheme had been given next higher grade pay in the hierarchy of the recommended revised Pay Bands and Grade Pay without creating new posts for the purpose.
- viii. He financial upgradation under the scheme was purely personal to the employee concerned and had no relevance to his seniority position.
- ix. On upgradation under the scheme, pay of an employee has been fixed under Rule 13 of CCS(RP) Rules,2008. The financial benefit allowed under the scheme is final and no pay fixation benefit accrued at the time of regular promotion.
- x. At the time of actual promotion, in a post carrying higher grade pay , no pay fixation was done and only difference of the grade pay was granted.
- xi. If an employee was offered regular promotion, but refused the promotion it may be seen that no financial upgradation had been allowed, as the employee was not stagnated.

### **12.13 Register for Advances**

The Internal Audit team will examine the record to ensure that:-

- i. The register is maintained in prescribed form and separate folios are kept for each type of advance.

- ii. All payments made and recoveries effected are posted individual wise.
- iii. The recoveries are promptly effected as per rules on the subject.
- iv. Non recovery / non posting of the recovery in any month / months are properly explained in the remarks column.

#### **12.14 Leave Travel Concession Bill**

Leave travel concession claims should be examined in Internal Audit to see that:-

- i. a) The employee has completed one year's continuous service on \_\_\_\_\_ the date of the journey.
- b) If an employee is under suspension, the concession is admissible only to his family members.
- c) An employee who proceeds on leave but resigns his post without resuming his duty is not entitled to LTC.
- ii. The claim has been preferred in Form CS-17 with in three months of the date of completion of the return journey when no advance has been drawn.
- iii. Claim had been preferred with one month of the date of completion of the return journey when advance has been drawn.
- iv. The claim is for the journey performed within India.
- v. The advance drawn is not in excess of 90% of the entitlement
- vi. The advance drawn is for forwarded journey only where the period of leave or the period of anticipated absence exceeds 3 months or, 90 days.
- vii. In case of default, interest @ 2% over the interest rate which is allowed by the Govt. on the Provident Fund balances of its employees shall be in the following cases:-
  - (i) In case where advance is not utilized fully but the adjustment bill is submitted intime, interest may be charged as stated above on the unutilized portion of advance from the date of drawal of advance to the date of refund.

#### **12.15 Transfer TA Bills**

It shall be seen that :

Transfer TA comprises of the following elements :

- (i) a composite transfer grant equal to one months (Bank Pay Plus Grade Pay Plus NFA).
- (ii) actual fare for self and family for journey by rail / air / steamer.
- (iii) road mileage for journey by road between places not connected by rail.

- (iv) cost of transportation of personal effects from residence to residence and.
- (v) cost of transportation of conveyance possessed by the employee.

### **12.16 Re-imburements of Medical Charges Bills**

The Re-imburement of Medical Charges of Govt. Employees are governed by Central Services (Medical Attendance) Rules 1944 as amended from time to time, while checking the bill on this account, it shall be seen that:-

- i. The bill is prepared in proper Form CS-32 and duly countersigned by the controlling officer.
- ii. The bill is submitted within 3 months of completion of treatment and where this is not done, the reason for delay are recorded which are examined in pre-audit for the Sangathan.
- iii. Where an advance is granted to meet the expenditure initially, the advance is adjusted against the claim submitted in full and payment made through the Form of pay bill CS-14.
- iv. Only cost of reimbursement medicines and injections admissible under Medical attendance Rules is allowed.
- v. The person in respect of whom the Medical charges are incurred falls within the definite of family of the employee as defined under Medical Attendance Rules.
- vi. In case of indoor treatment obtained in emergency in a private recognized hospital the expenditure to be reimbursed would be restricted to package deal rates of treatment of various diseases or procedures approval by Government which are for semi private wards. There will be an increase of 15% for private words, for general ward the rate may be reduced to 10%.

### **12.17 Children Education Assistance**

- i. A declaration of the employee that his/her spouse is employed elsewhere and the spouse is not entitled to the benefit from his/her employer.
- ii. The concession is available for two children only.
- iii. A certificate in prescribed form viz. CS-33, CS-34, CS-34A, CS35, CS35A is to be given by the claimant employee to H.O.O. initially & thereafter in March & July every year H.O.O. is to submit the certificate in r/o his own claim to he next higher authority.
- iv. D.D.O. is to draw the allowance after the issue of sanction of amount of allowance by the competent authority initially for 3 months provisionally thereafter the receipt of requisite certificate that school of requisite standard does exists at the station of posting/residence.
- v. A register in form CS-34 is maintained.

## **12.18 Overtime Allowance Claims**

The following check should be exercised while checking the claim of over time allowance:-

- i. The payment of O.T.A is regulated in accordance with the instructions issued from time to time and as per the restrictions imposed if any on the subject.
- ii. Ceiling of hours prescribed for various categories of staff has to be adhered to and sanction of the competent authority exists.
- iii. Whether overtime work is resorted to very frequently.
- iv. The staff attended on Sundays and holidays are required to sanctioned compensatory leave instead of O.T.A subject to exceptions as per rules.

## **12.19 General Provident Fund**

While scrutinizing the G.P fund accounts of Kendriya Vidyalaya Sangathan it shall be seen:-

- i. Whether accounts have been opened for recovery of subscription from all regular employees who are eligible to subscribe to the fund. No deduction will be made towards G.P. Fund contribution from employees joining the Sangathan on or after 1.1.2004 as the G.P. Fund Rules are not applicable to them.
- ii. Whether the subscriber has furnished a nomination in the prescribed form.
- iii. Whether the rate of subscription is in accordance with the Rules.
- iv. Whether the subscription is being recovered regularly and credited to the proper account in the Provident Fund Ledger. In case of non-recovery of GPF contribution and refunds of advance, reasons have been indicated in the Ledger.
- v. Whether the payment of advances/withdrawal has been posted in the ledger Account.
- vi. In case of suspension recovery not to be made except with official's consent.
- vii. Whether the below noted Registers are maintained properly:-
  - (i) General Index Register maintain by RO, Art 149(a)
  - (ii) Register of final payment cases.
  - (iii) Register of missing/Unposted credits/Debits
- viii. Whether the G.P. Fund accounts required to be transferred to other Regional Office (RO) have been transferred expeditiously under intimation to Kendriya Vidyalaya Sangathan HQ.

- ix. Whether Annual interest has been correctly worked out and credited in the individual's account.
- x. Whether Annual statements of subscribers account have been issued to the subscriber by due dates.
- xi. It must be seen that Provident Fund broad-sheet is closed in time and maintained properly, that totals of debits/credits agree with the total amount booked in the accounts. squaring up of the Broadsheet at the end of the year has been done and tallied with the total figures under concerned head of account at the close of the financial year.
- xii. Whether the cases of final payment of G.P. Fund have been finalised in time and payment made is correct.

#### **12.20 Deposit Linked Insurance Scheme**

- i. It shall be examined to see whether payment if any made under Deposit Linked Insurance Scheme is in accordance with Para 150-D of Account Code for Kendriya Vidyalayas. That The balance of the credit of the subscriber has not at any time during the three years preceding the month of death of the subscriber fallen below the specific monthly balance.
- ii. That the person receiving the Fund balance is paid an additional amount equal to the average amount of subscription and interest thereon at the credit in the account during the three years immediately preceding the month of death of the subscriber subject to maximum of Rs.60,000/-.
- iii. The maximum limit of Rs.60,000/- is applied after arriving at the average of 36 months and not at every stage.
- iv. That the subscriber dies after having put in five year's service.
- v. In the case of missing employees, payment can be made to the nominee/Legal heirs after expiry of a period of seven years following the month of disappearance of the subscriber on production of proper proof of death or a decree of the court that the employee shall be presumed to be dead as laid down in section 108 of the Indian evidence Act Rule 33-B (GPF).

#### **12.21 New Pension Scheme**

New Pension Scheme is effective from 01.01.2004. It is mandatory for all new employees.

- NPS has two tiers viz Tier-I & Tier-II.
- Contribution to Tier-I is mandatory for all employees joining Kendriya Vidyalaya Sangathan on or after 01.01.2004 Tier-II optional.



- An employee of Kendriya Vidyalaya Sangathan has to contribute 10% of his / her Basic Pay + Grade Pay + DA which has to deducted from his/her salary bill every month. The government has also to contribute 10% of Basic Pay + Grade Pay + DA every months.

While examining NPS, Internal Audit team should keep in view the following points:-

- i. Every month it should be seen that if any new appointment has been made.
- ii. Particulars of newly appointed government servant has been taken.
- iii. Monthly consolidated information is being furnished to cash office (who passes the salary Bill) by the 7<sup>th</sup> month of the following month.
- iv. After issue of 16 digit Permanent Pension Accounts Number (PPAN), DDO will open a separate pay bill register (PBR) for those who joined service on or after 01.01.2004.
- v. The unique digit PPAN No. is noted in PBR.
- vi. Contribution of 10% Basic Pay + Grade Pay + DA starts from the salary of the month following the month in which the Govt. servant has joined the service. No recovery will be made for the month of joining.
- vii. No contribution of GPF is being made for the newly appointed w.e.f 01.01.2004 as G.P.F. scheme is not applicable in r/o them.
- viii. Separate schedule in duplicate are also prepared for contribution by Govt. servant.
- ix. Separate schedule in duplicate are also prepared for governments matching contribution.
- x. Schedule is attached with pay bills which are sends to cash section for pass for payment.
- xi. The amount of contribution tallies with the total amounts of recoveries shown under the corresponding column in the pay bills.
- xii. A seprate bill is being prepared for drawl of matching contribution to be kept by Govt & creditable to Pension account.
- xiii. No withdrawal is allowed from Tier-I contribution.
- xiv. LPC of the individual indicate PPAN no, the month upto which government servants contribution and governments matching contribution transferred to the pension fund.
- xv. Whether gets the annual accounts statement showing opening balance, details of monthly deductions and governments matching contributions, interest earned and the closing balance for onward transmission to the individual.
- xvi. Whether Kendriya Vidyalaya school has uploaded the bill in UBI.
- xvii. Regional Office prepares broad sheet from the uploaded schedule in UBI. Schedule of the school will be in following column.

S.No	Office Name	DDO No.	PRAN No.	Staff Name	NPS M's Subs.	NPS O's Subs.	Month	Year	Regular/Arrear
1	2	3	4	5	6	7	8	9	10

Whether the Broadsheet are kept in the following column, IA may see that:-

S.No.	Name of Employee	Designation	PRAN No.	NPS (M/S) Subs. Month wise details
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S.No.	Name of Employee	Designation	PRAN No.	NPS (O/S) Subs. Month wise details	Remarks
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### **12.22 Bills on account of payments under Kendriya Vidyalaya Sangathan employee's group Insurance Scheme, 1983.**

While checking the Kendriya Vidyalaya Sangathan EGIS payment bills, it may be ensured that.

- i. The bill is prepared in proper form and contains all the relevant particulars of the claim and signed by the appropriate authority and supported by the sanction of Head of Office.
- ii. The payment under the scheme on cessation of the employment of a member of the Scheme due to retirement, resignation etc. is restricted to the accumulative in the saving fund.
- iii. The member's accumulation in the saving fund is correctly calculated in accordance with the procedure laid down in the scheme.
- iv. The membership of the individual in the various groups is correctly given and agrees with the Register of members maintained in the unit.
- v. Insurance cover paid, if any, on the death of the employee is appropriate to the group to which he is a member at the time of his death.
- vi. Proper safeguards are observed when the payments are effected under the scheme to the natural heirs in the absence of valid nomination.
- vii. The bill may be checked with reference to the Register of members being maintained by the drawing disbursing officer in prescribed form.

- viii. In case of death of a member, the appropriate amount payable on account of insurance cover and saving fund has been paid to the nominee as per nomination posted in the service book of the deceased employee.
- ix. Contribution towards Kendriya Vidyalaya Sangathan EGIS at the appropriate rate has been recovered upto the month preceding the month of death of the Kendriya Vidyalaya Sangathan employee.

## **CHAPTER - 13**

### **PERFORMANCE AUDIT**

#### **13.1 Introduction**

13.1.1 The term ‘Audit in general includes audit, regularly audit and PA. In that, PA is concerned with the evaluation of execution of schemes/ projects/ programmes or any other activity of the government and it embraces the following :-

- Economy :- Audit of the economy of administrative activities in accordance with sound administrative principles and practices and management policies.
- Efficiency :- Audit of the efficiency of utilization of human, financial and other resources including examination of information systems, performance measures and ,monitoring arrangements and procedures followed by audited entities for remedying identified deficiencies.
- Effectiveness :- Audit of the effectiveness of performance in relation to the achievement of the objectives of the audited entity and Audit of the actual impact of activates Compared with the intended impact.

#### **13.2 Definition and Basic Objectives of PA**

13.2.1 Definition: PA is an independent assessment or examination of the extent to which an entity, programme or organization operates in terms of efficiency, effectiveness and economy.

13.2.2 Objectives of PA :- The basic objectives of PA is to improve public sector administration and accountability by way of :-

- The quality of information and advice available to government for the formulation of policy.
- The existence and effectiveness of administrative machinery to inform the government whether programmer objectives and targets have been determined with a view to fulfilling policy objective.
- Whether and to what extent, stated programme objectives have been met
- The economy, efficiency, effectiveness, equity and ethics of the means used to implement a programme/ activity.
- The intended and unintended direct and indirect other impacts of programmes/ activities, for example, the environmental impact of government activity etc. and
- Compliance to applicable laws and regulations in the context of the PA objectivities.

13.2.3 Basic Principles of PA :- The basic principles of PA may be outlined as under :-

- PA is an assessment of efficiency and effectiveness of the programs, with due regard to economy;
- Apart form the question whether the things are being done the right way, it also addresses the question of whether the right things are being done, in other words, it also focuses on what is not being done rather than only on what is being done;
- Distinction between regularly and PA should always be kept in mind.
- PA is undertaken with the objective of improving performance of public sector programmes and, therefore, an assessment of the expected impact-qualitative and quantitative – on the programmed must be made before undertaking the audit;
- The subjects selected for PA could be a programme, segments of pa programme including the processes, procedures and systems, and entity itself of parts of an entity, etc;
- the subjects or PA could be financial, non-financial or public interest and governance issues;
- While the PA may and should assess the implementation of the policy through one or more programmes, the scope of audit should be limited to assessing and impact of the implementation of policy and the policy per se should not be questioned;
- PA should be conducted in time, when there is scope for remedial.

### **13.3 Planning and Preparation before undertaking PA**

13.3.1 Developing Measureable Objectives/Performance Indicators:- The responsibility for the development of measurable objectives and performance indicators as also the system of measurement rests with the Government departments or heads of entities. They are also required to define intermediate and final outputs and outcomes in measurable and monitorable terms. An IA team should discuss these issues with the concerned departments/ offices before commencing PA.

13.3.2 Interaction with the Entity: - PA envisages a high degree of interaction with the auditable entities, right from the selection of subject(s) through the actual process of PA, developing and finalizing the PA report.

13.3.3 Para 4.1, Chapter III of Auditing Standards of SAI (CAG) India lay down the field standards as following:-

‘The auditor should plan the audit in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner.’

13.3.4 The planning steps highlighted in the Auditing Standards of SAI India (Para 4.3, Chapter – III) stipulate:-

- Collect information about the Audited entity and its organization in order to assess risk and to determine materiality;
- Define the objective and scope of the audit;
- Undertake preliminary analysis to determine the approach to be adopted and the nature and extent of enquiries to be made later;
- Highlight special problems foreseen when planning the audit;
- Prepare staff assignment and a schedule for the audit;
- Identify staff requirements and a team for the audit; and
- Familiarize the audited entity about the scope, objectives and the assessment criteria of the audit discuss with them as necessary.

13.3.5 Understanding the Subject:- The first step in planning the individual PA is to develop a sound understanding of the subject of audit. Such understanding will help in identifying the key audit issues.

13.3.6 List of Sources of Information: - The IA team should study the following documents/ papers/ reports etc., which will help in conducting a meaningful PA.

- Plan, budget documents, vision/mission statements and strategic plan of the entity.
- Enabling legislation.
- Entity organizational chart, programme execution format and accountability relationships.
- Annual reports, performance budget and accounts, etc.
- Programme documents – containing the parameters of the programme – EFS/PIB notes and minutes and Note for Cabinet documents etc.
- Programme guidelines issued by the entity, administrative and implementation instructions, information feedback/ monitoring reports and action thereon and minutes of the meetings on relevant subjects, etc.
- Administrative and technical inspection reports within the entity, proceedings of the monitoring meeting, internal audit reports etc.
- Evaluation reports and surveys sponsored by the entity, independent evaluations and surveys; publications/ reports by the UN agencies, World Bank etc. on the subject.
- Past audit reports of financial/ regularly or PA and their follow-up.

#### **13.4 Annual Operational Plan**

The Annual Operational Plan for PA should be developed by the HQ, which inter alia should :-

- Consist of the PA of the subjects, including the subjects brought forward from the previous years that are to be implemented during the year;
- Provide an opportunity to review the plan in the light of new developments and risk assessment since the approval of Annual Plan.

#### **13.5 Risk Analysis**

13.5.1 A risk analysis should be carried out with reference to the various parameters of the entity, programme or the subject after a careful study of all relevant documents mentioned under para 9.3.6 above.

13.5.2 The risk factors can be attributed to the different forms of inputs, processes, information systems, accountability relationships, outputs and outcomes on the basis of the perceived weakness in the design parameters, organizational structure, information system, transparency, criteria or means adopted for monitoring and review, etc.

13.5.3 It is incumbent upon the PA team to verify correctness of the reported data of ‘inputs’ and ‘outputs’ while applying the test of efficiency. For example, the money stated to have been utilized on a programme might not be used entirely on the programme. Parts of the inputs may have been used on other items, part could be unutilized in the form of deposits, another part could be advances to vendors, etc.

### 13.6 Guidelines for PA Team

The TA team should observe the guidelines as laid down by the CAG of India (Performance Auditing Guidelines) for conducting PA listed in **Table 13.1** below :-

<b>Table – 13.1</b> <b>GUIDELINES FOR THE IA TEAM FOR TAKING UP PERFORMANCE AUDIT</b>
<p>1. Information on the programme/ subject of audit as given below :-</p> <ul style="list-style-type: none"> <li>• Programme inputs/outputs.</li> <li>• Programme process and resource flow chart with explanatory note.</li> <li>• Execution structure or institutional design.</li> <li>• Expected cost-benefit/ input-output as per the programme design.</li> <li>• Programme beneficiaries.</li> <li>• Performance measures if any set in the programme.</li> <li>• Expected programme objectives and impacts.</li> </ul>
<p>2. Scope of PA in terms of period of operations to be audited, segment or activities or entities to be audited, etc.</p> <p>3. Criteria to assess if the programme objectives fulfill the policy objectives.</p> <p>4. Basis for comparison of the intended impact with the actual impact.</p> <p>5. Programme evaluation techniques to be used in the PA.</p> <p>6. Impact evaluation, if possible on the basis of available evidence – i.e. whether the observed impacts are attributed to the there are other reasons also.</p> <p>7. Audit evidence including their type i.e. primary and secondary corroborative evidence Under the categories of documentary, physical, oral or analytical, source and evidence gathering techniques such as direct observation, survey, photographs, interviews, etc.</p> <p>8. Expected value addition to the programme through PA.</p> <p>9. Expert or consultancy services/ outsourcing if required.</p> <p>10. Evaluation of Internal Control system.</p> <p>11. Risk analysis and Sampling Techniques.</p> <p>12. Recommendations development process and test of recommendations on the internal Control parameters;</p> <p>13. Report writing procedures.</p> <p>14. Series of actions/steps expected at each stage for entity involvement.</p> <p>15. Entry and Exit Conferences and minutes thereof.</p> <p>16. Periodic reporting to the HQ, Report approval, printing and presentation to HOD/Secretary concerned.</p>

## **13.7 Quantitative Analysis**

- 13.7.1 Where practicable, an entire population should be analyzed. But in most cases, it may not be possible due to the volume of data and information associated with a programme or entity.
- 13.7.2 Where it is not feasible to analyze the entire population, due to any constraints, sampling techniques have to be used. The nature of the population should be examined to decide the most appropriate sampling methodology.
- 13.7.3 The sample selected and the sampling approach and methodology should be documented and shared with the entity. When using either a statistical or non-statistical sampling approach, the audit team should select an appropriate audit sample, perform audit procedures on the sample and evaluate sample results so as to provide sufficient audit evidence.
- 13.7.4 When selecting an audit sample, specific audit objectives and the attributes of the population from which the sample is to be drawn should be taken into account. In determining the sample size, it should be considered whether sampling risk would be reduced to an acceptably low level. The sample items are to be selected so as to have a reasonable expectation that all sampling units in the population have an equal chance of selection. To each item selected, audit procedures appropriate to the particular audit objective should be applied. It should also be considered as to what conditions would constitute an anomaly or error in the context of the audit objectives. The audit team should consider the nature and cause of any errors identified and their possible effect on the particular audit objective and on other areas of the audit.
- 13.7.5 Errors found in the sample should be projected to the population. The auditor should consider the effect of the projected error on the particular audit objective and on other areas of the audit.

## **13.8 Developing Findings and Recommendation**

- 13.8.1 Audit findings are identified by relating audit observations to audit criteria. Audit observations are based on the analysis of information collected during the audit. Audit findings should be developed and evaluated throughout the various phases of PA.
- 13.8.2 Potential findings identified in the planning stage or during the preliminary study should be followed up on the detailed examination phase of the audit since the auditor, rather than carrying a hindsight audit, is expected to take into account the circumstances prevailing at the time of events, it may be desirable that avoidable and unavoidable causes of findings are segregated.
- 13.8.3 If the dialogue with the entity during the entire process of PA has been consistent, constructive and effective, both the IO and the entity may be required to focus only on the recommendations and their implementation, at the close of the PA.

## **13.9 Check-List for Developing PA Recommendations**

The IA team should seek answers to the questions for developing qualitatively good recommendations as given in the **Table - 13.2** below:-

<b>Table - 13.2</b> <b>CHECK-LIST FOR DEVELOPING PA RECOMMENDATION</b>
<ol style="list-style-type: none"><li>1. What was the objective of the Programme taken for PA?</li><li>2. What was needed to be done?</li><li>3. What were the bench marks?</li><li>4. Why does it need to be done?</li><li>5. What is the distribution of responsibilities among the field managers?</li><li>6. What was the implementation time-frame?</li><li>7. If there was time over-run, what were the major reasons?</li><li>8. Who were the end beneficiaries?</li><li>9. What is the expected impact, when implemented successfully?</li><li>10. Has the Programme been implemented in an economical way? If not, what were the major reasons for cost over-run?</li><li>11. Are there limitations/ risks in the implementation of the recommendation?</li><li>12. Is there any value addition in the implementation of the recommendations contained in the PA report?</li><li>13. Are the recommendations of the PA report cost-effective?</li></ol>

### **13.10 Exit Conference: Discussion with HOO and HOD**

13.10.1 Discussion papers and audit observations during audit serve to confirm the facts with HOO/ HOD and help in the finalization of the draft audit report.

13.10.2 The written response of the entity to the draft PA report should be achieved through correspondence, personal meetings and the presentation of the draft audit report. The response of the HOO/ HOD should also have the approval of the Secretary of the Department.

13.10.3 The response and entity will ensure that the matters of facts, figures and conclusion are accepted as the audit proceeds.

13.10.4 In case of disagreement between audit findings and the entity, the reasons for such disagreement should be fully analyzed.

### **13.11 Follow- up Procedure**

13.11.1 The IA team should, after the draft PA report is ready, hold an exit with the HOD. A written record of the proceedings of the exit conference, should be kept on record. The IO shall give full consideration to the observations and comments of the HOD while finalizing the draft PA report.

13.11.2 All audit reports must contain recommendation arising out of audit findings and the cause of audit findings;



13.11.3 As the PA revolves around the audit objectives, the follow-up procedure is built around the recommendations and the impact of PA is measured on the basis of implementation of the recommendations; and

13.11.4 Follow-up procedure is conducted with reference to the nominal information on the implementation of the recommendations and quality of implementation of recommendations through a more detailed follow-up audit.

### **13.12 PA in Information Technology Environment**

13.12.1 Information Technology (IT) is being increasingly used for public sector programme planning, execution and monitoring. The sharing or integration of information between entities raised issues such as the risk of security breaches and unauthorized manipulation of information.

13.12.2 Auditors should not only be aware of the uses of IT, they should also develop strategies and techniques for providing assurance to stakeholders about value for money from the use of IT, security of the systems, existence of proper process controls and the completeness and accuracy of the outputs.

13.12.3 The approach towards PA in an IT environment should involve the following: inter-related processes:-

- a. Obtain an understanding of the entities IT systems and determine their significance to the PA objective;
- b. Identify the extent of IT systems auditing required to achieve the PA objective.
- c. Develop and use appropriate Computer Assisted Audit Techniques (CAAT) to facilitate the audit.

13.12.4 PA in an IT environment should: -

- a. Identify any deficiencies in IT controls and the resulting effect on the efficiency, economy and effectiveness of the performance of the entity;
- b. Examine the IT systems development and maintenance practices of the entity, compared to industry better practice;
- c. Compare the IT strategic planning, risk management and project management practices of the entity.
- d. Determine whether system outputs meet entity quality and service deliver parameters.

13.12.5 Assess whether the IT systems enhance the IT economy, efficiency and effectiveness of the entity's programme management, in particular in relation to programmes planning, execution, monitoring and feedback.

13.12.6 The IA may also examine whether the IT system has enhanced the efficiency with which the entity manages its programmes/ activities and whether the conversion to an IT system has any beneficial results for the stakeholders in the entity.

13.12.7 The IA should assess if the IT systems have facilitated improved programme management.

### **13.13 Computer Assisted Audit Techniques**

13.13.1 IA teams are increasingly using Computer Assisted Audit Techniques (CAAT). The CAAT utilize custom developed software programmes to aid in the execution of the audit. They can be used for both sampling of system transaction data and for testing the system as a whole.

13.13.2 CAAT tools can be developed to:

- a. Access and extract information from auditee databases.
- b. Total, summarize, sort, compare and select from large volumes of data in accordance with specified criteria.
- c. Tabulate, check and perform calculations on the data.
- d. Perform sampling, statistical processing and analysis.
- e. Provide reports designed to meet particular audit needs and
- f. Facilitate audit planning and control such as electronic audit working papers that supports effective indexing, reviewing and reporting.

13.13.3 CAAT can be used to validate the processes in the programme or to analyze the data.

13.13.4 CAAT tools should be developed/ modified keeping in view the IT environment in the entity and the audit objectives. CAAT can be utilized in PA of both IT and non-IT environments.

Note: Contents of this chapter rely substantially on the "Performance Auditing Guidelines" issued by the Comptroller and Auditor General of India, the Supreme Audit Institution of India.

## CHAPTER - 14

### REPORT WRITING AND FOLLOW UP ACTION

#### **14.1 Drafting of the inspection report (Guidelines)**

14.1.1 Reporting is the final phase in the audit process. While every audit is to culminate in development of a report containing the audit findings and recommendations. On completion of each audit assignment covering the audit of a unit, the audit team should prepare a written report setting out the audit observations in an appropriate form.

14.1.2 The report writing should be uniform as the essence render the report simple and reader friendly as well as interesting. Accountability - centered third person, active voice, narration by designation enhances the readability and interest of the reader and induces objective response entity.

14.1.3 The following points should also be taken into consideration while preparing the inspection report; -

- The report should have page numbers.
- Each page should have appropriate settings and margins.
- All pages should be of uniform size.
- Give an index if required
- The report should not contain abbreviations

14.1.4 The report shall be precise and brief. A lengthy report as compare to the material it contains, throws unnecessary burden on the Hqrs in vetting, typing and issue, and on the administrative authority in examining and furnishing replies. Brevity shall be achieved by economy of words and avoidance of repetitions.

14.1.5 The inspection report should be prepared in polite language. Offensive or strong words, sarcastic language etc. should on no account figure in the report. No suppositions, assumptions or allegations should be included in the report. Only facts should be mentioned and evitable conclusions drawn. The facts and conclusions, if properly presented would speak of them selves. There should be

no reference to responsibility being fixed for any irregularity; it is for the administrative authority to take action in the matter. The bona fides of the officer concerned should not be questioned even by implication.

## **14.2 Nature of Paras to be Incorporated in the Inspection Report**

14.2.1 As a general rule, trifling matters and routine matters of omissions and commissions which can be and have been set right on the spot need not be mentioned in the report. Irregularities which have been settled but which are important enough to be brought to the notice of higher authorities shall, however find a place in the report.

14.2.2 The money value of an objection or the approximate value calculated from the data on hand shall duly be taken into account. Over payments or other irregular payment figures should be worked out to the extent feasible during the audit itself and not left out to be calculated by the auditee to be intimated later. The full financial implication of each observation or approximate value thereof calculated from the data collected shall be brought out in the audit report to stress the significance and gravity of the objections. Accordingly, every point of substantive application of financial importance including the individual irregularities of small money value shall be included as an observation in the internal audit report.

14.2.3 The audit findings and conclusions shall be based on clear documentary evidence. It is not sufficient to quote the rule or order violated but actual or possible effect of such deviation on the finances of Kendriya Vidyalaya Sangathan shall be explained clearly. If an objection can not be sustained there should not be any mention of it.

14.2.4 A test audit note containing minor irregularities duly signed by the inspecting officer shall be issued on the spot to the DDO concerned after obtaining necessary acknowledgement. A copy of the test audit note shall accompany the copy of the inspection report sent to the (HQ)/RO in respect of units under its audit jurisdiction. A test audit note does not require a reply in detail, but it shall be verified at the time of next inspection that adequate notice was taken of it.

14.2.5 Every paragraph should bear a distinct heading and deal with a specific point. It should first give a statement of facts next rules or orders in fringed, the nature of irregularities and finally the action necessary for regularization. The main paragraph may be divided into convenient sub-paras, but a uniform system of numbering should be adopted through out the report.

14.2.6 Inspection Reports of statutory auditors should also be gone through and if compliance had not been ensured the irregularity may be taken in the internal inspection report.

14.2.7 The inspection report of HQ/RO/KVs shall not be recital of defects noticed here and there but shall depict the state of health in form CS (IA)-12 of that office with particular reference to;

- a. Proper maintenance of accounts records.
- b. Completeness of accounts.

- c. Monthly Reconciliation with bank statements.
- d. Completion of ledger accounts and broadsheet maintained for provident fund, loans and advances etc.
- e. Prompt finalization of pension and provident fund final payment cases.
- f. Timely submission of prescribed returns and accounts.

### **14.3 Format of inspection report**

14.3.1 At the end of each audit the audit team should prepare a written report setting out the findings in an appropriate form; its contents should be easy to understand and free from vagueness or ambiguity, include only information which is supported by competent and relevant audit evidence; and be independent, objective, fair and constructive.

14.3.2 The results of audit shall be compiled by the inspecting officer himself and sent to Headquarters in the form of a draft inspection Report in proforma given in Annexure-14.1. The report may first give incorporate title sheet then a brief introduction of the office, its functions, activities and any salient changes in the set up since last inspection. The inspection report should be prepared in three parts in following format:

- a. Title sheet stating name and designation of HOD/Head of Office/DDO/Cashier, period of audit, month(s) selected for detailed checking, date of inspection etc.
- b. Introduction – this will focus on name of unit, allotment of budget, expenditure incurred, position of outstanding paras of internal audit and statutory audit, etc.

#### **PART - I**

*(Paras outstanding from the previous Inspection Report)*

The Inspection party should take up all the outstanding paras pertaining to an office during the next inspection and settle them on the spot. Where settlement is not possible, outstanding paras with their latest position should be incorporated in part-I of the new report and thereby old report(s) should be considered as settled.

#### **PART – II**

*(Current Report)*

Irregularities noticed during the current audit/inspection shall be incorporated in part-II of the report. The current Inspection Report should first deal with accounts, such as Cash Book irregularities, advances outstanding, defects in the maintenance of stores accounts, physical verification of stores, machinery and equipment lying idle, etc. then should follow paras on financial matters such as irregular purchases of stores, etc. The concluding portion should consist of paras relating to personal claims such as pay-fixation, reimbursement of medical charges, travelling allowances, house rent allowance, verification of service books and leave accounts records. There should not be any mixing up of comments and the observations should be so arranged as to avoid confusion and present clear picture of accounts of the office inspected.

When important initial records such as cash books, challans folios registers of stationery and dead stock etc, are not maintained properly, the Inspecting Officer and the party, besides mentioning technical deficiencies and shortcomings in the maintenance of these records, should make a probe to see if the defective maintenance or the non-maintenance indicates any misappropriation or embezzlement of KVS money/stores.

### **PART – III**

*(Test audit notes)*

The minor irregularities and objections of procedural nature not rectified on the spot shall be included in part-III of the inspection report.

#### **14.4 Dispatch of draft inspection report to the HQ.**

14.4.1 Copies of the draft inspection report duly typed and discussed with the Head of Office of the auditee alongwith the documents listed in para 14.4.2. below and other working papers shall be arranged to be dispatched by the inspecting officer at HQ. (RO/Kendriya Vidyalaya Sangathan as the case may be) on the date of completion of the audit. The inspecting officer, while forwarding the inspection report to the HQ, in form CS(IA)-11 invite attention of the important paragraphs included in the report, which are considered to be brought to the notice RO/ JC(Fin)/Commissioner depending upon the gravity of observations.

14.4.2 The following documents should invariably accompany the draft inspection report:

- a. Allotment of duties amongst the audit team members in form CS(IA)-5.
- b. Completion memo in form CS(IA)-6.
- c. Information sheet in form CS(IA)-7.
- d. Verification note on compliance of previous inspection report(s) in form CS(IA)-8.
- e. List of service books checked alongwith list of service books of persons who are due to retire during the next five years.
- f. A copy of the test audit note, if any, delivered to the office inspected vide para 14.3.2.
- g. List of pay fixation/stepping up of pay cases checked.

- h. Certificate regarding losses due to fire, theft, fraud, embezzlement etc. if any during the period under report obtained from the Head of Office inspected.
- i. State of health of office in form CS (IA) – 12 vide para 14.2.7.

#### **14.5 Follow up action**

14.5.1 This is the most important part of auditing. The follow up activities are essentially directed towards ensuring implementation of the recommendation and pursuance of internal audit findings. The ultimate objective should be to ensure prompt and effective implementation by the auditee.

14.5.2 The follow up programme is oriented towards;

- i. Processing of inspection reports at the headquarters.
- ii. Pursuance of inspection reports at the headquarters.
- iii. Settlement of compliance reports at the headquarters.
- iv. Review of progress of internal inspection.

#### **14.6 Processing of inspection reports at the headquarters;**

14.6.1 The Headquarters Section will maintain a Control Register of Inspection Report in Form CS(IA)-9 to keep a watch on the receipt and issue of inspection reports. After issue of monthly programmes of inspection, columns 1 to 5 of the Control Register of Inspection Reports should be posted in such a way that all the inspections closing in a particular calendar month are put together, separate from the inspections closing in another month e.g. inspections closing in the month of April should be noted separately from those closing in the month of May. When the intimation of postponement, suspension or extension of any inspection is received subsequently, the fact should be recorded in red ink in column 4 of the register. Column 6 of the register shall be filled up on selection of one month for detailed check. On receipt of draft Inspection Report, after diarising the reports, column 7 and 8 of the register should be completed. Simultaneously the actual dates of inspection, as indicated in the completion memo, should be noted against the concerned unit in column 10 of the Control Register of Internal Audit Form CS(IA)-1 and attested by the Section Officer (Head quarters). The control register of inspection reports should be reviewed from time to time to ensure that all the inspection reports are received within 7 days from the last day of audit, as per column 4 of the register. Where the inspection reports are not so received, reasons there for should be ascertained from the inspection party. The cases of delay in submission of inspection reports be investigated.

14.6.2 The inspection report received from an inspecting officer of an Internal Audit Party should be examined to see that:

- i. All the documents listed in para 14.4.2 have been duly received and the report is complete in all respects;
- ii. There are no blanks and omissions of any data, adequate reference and date;
- iii. The captions of various paras are correct;

- iv. Adequate reasons have been recorded for each objection treated as settled.
- v. List of observations outstanding from the previous inspection reports has correctly been drawn up.
- vi. There are no anomalies, ambiguities or misconstruction of sentence and financial implications of objections have been correctly brought out, where necessary;
- vii. The objections are based on facts and not merely on presumptions and apprehensions and relevant rules or orders infringed have been quoted, where necessary.
- viii. The inspection report has been discussed with the Head of the office and his signatures obtained; and
- ix. All files relating to the inspection reports of previous years have been received back.

14.6.3 Inspection Report shall be vetted by the head quarter section. Care shall be taken to ensure that the report is couched in polite language and all points of financial significance are correctly brought out.

14.6.4 After scrutiny vetting and approval the inspection report should be got typed. The report shall be forwarded to the Head of the office inspected under a covering letter in Form CS(IA)-11 and a copy endorsed to the Head of Deptt. or next higher authority inviting his attention to the important and serious irregularities if any.

14.6.5 The Inspection Report should be finally issued to the Head of the office/Department inspected within one month from the date of its receipt.

14.6.6 The Control Register of Inspection Reports should be submitted to the RO/DC(F) on the 15<sup>th</sup> of each month with a report indicating the number of inspection report outstanding at the beginning of the previous month, the number of inspection reports received during the month, the number of inspection reports issued during the month and the number of inspection report outstanding.

## **14.7 Pursuance of inspection reports at the headquarters**

14.7.1 After the issuance of inspection reports the internal audit HQ is responsible;-

- i. To pursue the inspection reports. If no response is received within a quarter than a reminder should be issued. The Head of Office inspected is expected to furnish para wise replies to the inspection reports within six weeks from the date of issue of the final report. Unusual delay should be brought to the next higher administrative authority. The arrangement for watching the receipt of replies and further pursuance will be made by HQ office of internal audit. The progress of settlement of objections should be watched through control register of outstanding inspection reports/paras in Form CS(IA)-10.

In case, no compliance report is received from the DDO/HOO, first reminder for paras wise reply to an inspection report should ordinarily be issued after six weeks from the date of its issue



and a second reminder, where necessary may be issued a month later. Normally a report should be settled with in six months from the date of issue.

- ii. Ensure settlement of the objection included in the reports.
- iii. To settle the objections for which satisfactory replies/compliance have been received from the auditee.
- iv. The compliance with objection report to have been made be verified by the next audit.
- v. The audit paras would be settled after taking approval from RO/JC(Fin) and
- vi. To maintain a progress register for settlement of paras/reports in Form CS(IA)-10.

14.7.2 The HQ office will prepare at the beginning of each quarter i.e. in January, April, July and October a consolidated statement in form CS(IA)-13 showing the paras outstanding for more than six months on the last date of the proceeding quarter.

#### **14.8 Settlement of compliance reports at the headquarters**

14.8.1 Objections of routine nature relating to initial records i.e. cash book, Stock Register, Log Books, Overtime allowance Register and Service Books; etc. where Department/ Office has accepted the Internal Audit point of view and has intimated that necessary compliance can be verified during the course of checking all such records at the time of next inspection, may be treated as finally settled.

14.8.2 Specific objections pointing out overpayments, short and non-realization of dues, irregular payment of grants, non-utilization of costly stores, equipment and machinery, irregular purchases and other serious irregularities where the unit concerned has furnished satisfactory reply, may be treated as settled subject to verification at the time of next inspection.

14.8.3 All such objections should be abstracted by the dealing Assistant of the Headquarters on a separate sheet of paper with the last column "Remarks" of Inspecting Officer. This abstract shall be given to the inspection party alongwith other records at the time of next inspection for on the spot verification vide para 14.4.2. Such objections shall also be treated as settled for the purpose of Control Register of Outstanding Inspection Reports/Paras.

#### **14.9 Review of progress of internal inspection.**

14.9.1 The Headquarters Section shall submit the following reports:

<b>SN Periodicity</b>		<b>Name of Report</b>	<b>Date of Submission</b>	<b>To whom Due</b>
I	Monthly	i) State of Work Report Form CS(IA)-12	8 <sup>th</sup> of each of the following month.	RO/Assistant Commissioner (Finance)
		ii) Control Register of Inspection	15 <sup>th</sup> of each of the following month.	RO/Deputy Commissioner (Finance)
		iii) Report of paras outstanding for more than	15 <sup>th</sup> of each of the following	Joint Commissioner (Finance)

		three months Form CS(IA)-13	month.	
		iv) Report of Test Audit Notes issued by statutory audit.	7 <sup>th</sup> of each of the following month.	RO/Assistant Commissioner (Finance)
II	<b>Quarterly</b>	i) State of Work Report Form CS(IA)-15	8 <sup>th</sup> of month following quarter ending.	Assistant Commissioner(Finance)
		ii) Report of Test Audit Notes issued by statutory audit. Form CS(IA)-14	15 <sup>th</sup> of month following quarter ending.	Deputy Commissioner (Finance)
III	<b>Annual</b>	Report on the performance of Internal Inspection Wing highlighting the important points noticed and action taken.	Ist June every year	Commissioner

### Format of Draft Inspection Report

Internal Audit Report on the Accounts of the O/o the.....for the period.....

#### Title Sheet

1. Name & designation of HoD.....
2. Name & designation of Head of Office.....
3. Name & designation of the DDO.....
4. Name & designation of the officials  
who handled cash & store.....
5. Postal Address & Telephone No. of the Office.....
6. Name & designation of the Inspecting Officer.....
7. Period of Accounts Audited.....
8. Months selected for detailed.....
9. Dates of Inspection.....

#### Introduction

The office of the .....is a unit of KVS.

The Budget allotment & expenditure incurred in r/o this office is given below:-

Sl. No.	Year	Allotment	Expenditure
---------	------	-----------	-------------

Sanctioned & posted strength of G.os and N.G.os staff of this unit during the period of audit is as under:-

Year ending 31 <sup>st</sup> March	Category	Sanctioned	Actual Posted	Remarks
	G.os			

This office is subjected to statutory audit by A.G./ Director of Audit ..... from .....to ..... covering the period of Accounts from .....to..... The latest position of the paras of the report is as follows:-

- i. Nos. of Paras raised.....
- ii. Nos. of Paras settled.....
- iii. Nos. of Paras outstanding.....
- iv. Action taken by this office.....

Out of paras in the previous inspection report of Internal Audit Party, KVS/RO ,.....Paras (.....) have been verified & treated as settled on verification of compliance during the current audit except paras (Nos. of Paras) No..... which have been taken into current report in Part – I as fresh Paras No.....

Part – I (Paras outstanding from previous inspection report)

Part – II (Current Report)

Part – III (Test Audit Note)

## CHAPTER - 15

### BHARAT SCOUTS & GUIDES FUND ACCOUNT

#### 15.1 Introduction

15.1.1 In order to inculcate the sense of responsibility in the students towards country and to prepare them as skilled volunteers at the time of emergency and natural calamities, etc. to strengthen the national integration, unity in diversity, practical experiences are given in the Scouts & Guides Movement by organizing various activities.

These activities develop personality by various means and build skills of understanding, adjustment, cooperation and leadership with healthy spirit of competition.

#### 15.2 Objectives

15.2.1 The main objective of introducing the Scout and Guide movement in Kendriya Vidyalayas is to contribute to the promotion of physical, intellectual, social and spiritual potentialities of students and make them responsible members of the local, national and international communities. It provides ample opportunities for inculcating moral, social and democratic values and developing the spirit of Committee-operation by encouraging participation in various scout and guide activities.

#### 15.3 Organization

15.3.1 Kendriya Vidyalaya Sangathan has been given the status of a State by the National Headquarters of Bharat Scouts and Guides and the Commissioner, Kendriya Vidyalaya Sangathan has been designated as the State Chief Commissioner.

15.3.2 The Regional Offices of the KVS function as Divisional Hqrs. with Deputy Commissioner of the Region as the Divisional Commissioner. Each Region shall have two District Associations each with two District Commissioners for Scout Wing and two District Commissioners for Guide Wing.

15.3.3 The basic organization in the Scout and Guide movement is a Scout Troop for boys and Guide Company for girls. Boys and Girls, who have completed the age of 10 but have not completed the age of 18, are enrolled as Scouts and Guides. Young men and women of 18 years and above are enrolled as Rover Scouts and Ranger Guides. Separate Group leaders are appointed for the scout wing and the guide wing. Each Vidyalaya is, therefore, expected to have two group leaders, one each for Scout wing and Guide wing.

#### 15.4 Activities

15.4.1 KVS State of Bharat Scouts & Guides is an active state and takes all necessary steps to develop international brotherhood and understanding among students. The various activities are being performed at three level:

1. State level
2. National level
3. International level

## 15.5 Funding the Activities

15.5.1 All Vidyalayas shall get group registration done annually with the State Association through the district association which should be renewed every year. The group shall pay such registration fee as may be fixed from time to time by the State Executive Committee. While the group registration fee shall be paid from the Vidyalaya Vikas Nidhi, the individual registration fee should be paid by the students out of “Khari-Kamai”. Registration fee as on 31<sup>st</sup> August every year should be sent to the Treasure, KVS State Association of Bharat Scout and Guide through Demand Draft so as to reach him by 31<sup>st</sup> October every year.

15.5.2 Every Kendriya Vidyalaya shall contribute a sum of rupees 3/- per student per year out of the Vidyalaya Vikas Nidhi to the Scout fund being operated in the KVS (HQ).

15.5.3 A sum of rupees 5/- per student per year out of the Vidyalaya Vikas Nidhi based on the total enrolment in the Vidyalaya should be sent to the Regional Office for conducting Scout & Guide Activities in the Regions.

15.5.4 Miscellaneous income and bank interest received on investment.

## 15.6 Expenditure

15.6.1 Generally, the expenditure, on the performance of following activities, is incurred out of the fund :-

- (i) Rajpuraskar
- (ii) Rashtrapathi puraskar
- (iii) Tritiya Sopan Testing Camp
- (iv) Regional Scout Activities
- (v) K.V.S. State Rally
- (vi) Registration fees
- (vii) Registration form
- (viii) Uniform allowances
- (ix) Misc Expenditure

15.6.2 The following expenditure is permissible to be incurred at school level out of Vidyalaya Vikas Nidhi in connection with Scout and Guides activities :-

- (i) Books, Magazines and other useful literature pertaining to Scouting & Guiding.
- (ii) Troops Record-Register, Registration fee, Ladges and progress/test cards for members of the troop’s purchase of the following articles for Scout meetings camps, rallies and hikes etc.
  - a. National Flag and Scout Flag, Canvas, Camp Utensils & Crockery etc.
  - b. Material for imparting training in scout craft, poineering, first-aid etc.
  - c. Medical instrument for camp fire and cultural performance by the troops.

(iii) Refreshment at the prescribed rate for out door meetings and camps.

(iv) Camp fee TA (Actual rail/bus fare) for attending camps, rallies, excursions and hikes.

## **15.7 Audit of the fund account**

15.7.1 The Internal Audit party should ensure that:

- (i) The KV has obtained group registration from the state association and the registration is being renewed annually.
- (ii) Whether the group has paid registration fee as prescribed by the State Executive Committee from time to time.
- (iii) The group registration is being paid from Vidyalaya Vikas Nidhi.
- (iv) The individual registration fee is payable by the students out of the “Khari-Kamai”.
- (v) The Registration fee as on 31<sup>st</sup> August every year being sent to the Treasure, KVS State Association of BS&G through demand draft so as to reach the KVS State HQ by 31<sup>st</sup> October every year positively.
- (vi) Whether the Kendriya Vidyalaya is contributing from the Vidyalaya Vikas Nidhi every year a sum of rupees three (or at the prescribed rate) per student to the scout fund being operated in the KVS HQ. . The amount of contribution should be checked arithmetically.
- (vii) The contribution at Rs.5/- or the prescribed rate per student is being paid every year out of the Vidyalaya Vikas Nidhi to the Regional Office for conducting activities in the region. The accuracy and correctness of the contribution should be verified.
- (viii) The Cash Book is maintained in prescribed form and closed regularly as per the instructions contained in Account Code (KVS).
- (ix) The accounts of the fund are maintained properly and correctly in accordance with the guidelines laid down by the Sangathan.
- (x) Bharat Scouts & Guides fund is being administered by KVS State Association of BS&G as properly of KVS.
- (xi) Investments of surplus funds in the account are made strictly in pursuance of the instruction / guidelines laid down by the Sangathan.

**PERFORME**



FORM CS (IA) – 1

(Referred to in para 4.2.3)

Unit Wise Control Register of Internal Inspection

S. No.	Name and addresses of the unit	Periodicity of inspection	Period of accounts last inspection	Duration of last inspection	Period of accounts due/allotted for inspection	No. of working days allotted as per plan	Proposed dates of visit as per annual plan	Date allotted for instruction as per quarterly programme	Names of inspecting affiliation other member of the team	Actual duration of audit No of working days	Remarks
1	2	3	4	5	6	7	8	9	10	11	12

Note: 1. The above Control Register shall be maintained separately by ROs for inspection of KV and KVS(HQ) for inspection of units other than KVs.

FORM CS (IA) – 1A

(Referred to in Para 4.2.3)

Numerical Control Register for Internal Inspection

S. No.	Name of the unit	Total no. of units under audit jurisdiction	Units proposed to be taken up for audit in current year	No. of units			No. of age-wise units to be audited			Remarks
				Audited upto the last financial year	Audit outstanding for more than a year	Audit outstanding for more than 2 year	Current units	Units for more than one year	Units for more than two years	
1	2	3	4	5	6	7	8	9	10	11

Note: 1. The above Control Register will be maintained both by KVS(HQ)/ROs.

2. A copy of this Control Register will be submitted to KVS(HQ) along with the annual plan.

3. KVS(HQ) will consolidated (including itself) the information on the basis of copy of the Control Register received from the field offices.

FORM CS(IA)-2

(Referred to in Para 4.2.3)

ANNUAL PLAN OF INSPECTION FOR THE YEAR.....

S.No.	Names of the Unit	Periodicity of inspection	When last inspected	Proposed dates of visit	No. of working days	No. of days for supervision
1	2	3	4	5	6	7

FORM CS(IA) - 3

(Referred to in Para 4.2.3)

INTERNAL INSPECTION PROGRAMME FOR THE QUARTER ENDING .....

Party No. 1			Party No. 2			Party No. 3			Supervision by DC/AC(F)			Supervision by DC(F)		
Period	No. of days	Name of Unit	Period	No. of days	Name of Unit	Period	No. of days	Name of Unit	Period	No. of days	Name of Unit	Period	No. of days	Name of Unit

**FORM CS(IA)-4**

**(Referred to in Para 4.7.1)**

**Kendriya Vidyalaya Sangathan  
18, Institutional Area  
Shaheed Jeet Singh Marg  
New Delhi – 16  
Phone No. 011-26858570**

**or**

**Kendriya Vidyalaya Sangathan  
(Regional Office.....)**

(Address of RO to be given alongwith Telephone No.)

Ref:

Date:

Subject: Internal audit of accounts of .....(name of the unit) for the year .....

Sir/Madam,

The internal audit of the accounts of your unit is proposed to be conducted w.e.f... .. to ..... . The inspection party will be headed by..... (name & designation of the inspecting officer) and will be assisted by..... (name(s) of the members of the audit party.

2) A list of records to be examined during internal inspection is enclosed. It is requested that the officer/staff may kindly be directed to keep the records ready and make them available to the inspection party on the day of its arrival and give full corporation to the party. In addition the party will conduct a detailed check of accounts records of one month (per financial year) which will be advised to you by the inspecting officer incharge.

3) The arrangements of their sittings in office and accommodation of their stay may pleased be made under intimation to this office.

Kindly acknowledge receipt of this letter.

Yours faithfully

S/d

(Signature of authorized officer of RO/KVS)

FORM CS (IA) - 5  
(Referred to in Para 4.7.2)

Allotment of Duties During Inspection of The \_\_\_\_\_

S. No.	Name & Designation	Duties Allotted	Signature of the Member of the Inspection Party
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Certified that the duties allotted to me as above have been duly discharged by me effectively.

Inspecting Officer

RO/KVS HQ (Audit Section)

Members of the  
Inspection Party

FORM CS(IA) - 6  
(Referred to in Para 14.4.2)  
COMPLETION MEMO

PARTY NO. \_\_\_\_\_

1. Name of the Inspecting Officer.
2. Name and complete address of the office inspected.
3. Period of account inspected.
4. Dates of visit.
5. No. of working days availed of
6. No. of days for which extension taken if any.
7. No. of days suggested for future audit and reasons therefore.
8. (1) Budget Provision.  
(2) Actual Expenditure.

CAMP

DATE :

Inspecting Officer

FORM CS(IA) - 7

(Referred to in Para 14.4.2)

INFORMATION SHEET OF THE INSPECTION REPORT ON THE ACCOUNTS OF .....FOR THE PERIOD.....

1. No. of Bills checked for the selected month :-
  - a) Pay Bills
  - b) T.A. Bills
  - c) Contingent Bills.
  - d) Other Miscellaneous Bills
  - e) Works Bills
  - f) Suppliers Bills
2. No. of service books examined as per list attached.
3. No. of Provident Funds accounts checked.
  - a) Ledger accounts
  - b) Final Payment cases
  - c) Advances and part-final withdrawals.
4. No. of pension cases checked.
5. Names of officers due to retire within next 5 years whose service books were checked.
6. Paras which merit inclusion in the list of serious financial irregularities.
7. Paras in which cash recoveries suggested.
8. Paras in which any embezzlement detected.
9. No. of preliminary objection memoranda issued.
- 10.No. of objections settled on the spot.
- 11.General remarks whether the state of maintenance of accounts is satisfactory or not.
- 12.Actual date of submission of the report.
- 13.Difficulties experienced during inspection if any, as per statement attached.



CAMP

DATE :

Inspecting Officer

FORM CS(IA) - 8

(Referred to in Para 14.4.2)

VERIFICATION NOTE ON THE COMPLIANCE OF OLD INSPECITON REPORTS ON THE ACCOUNT OF .....

The outstanding objections pertaining to the old inspection repots on the accounts of ..... were discussed with Head of Office.

Reports for the period .....

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S. No.	Para No.	Brief particulars of the objection	Explanation by the Deptt.	How setteled.
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Inspecting Officer

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FORM CS(IA) - 9

(Referred to in Para 14.6.1)

CONTROL REGISTER OF INSPECTION REPORTS

(Register for watching receipts and issue of inspection reports)

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S.No.	Name of Office inspected	Period of Accounts audited	Dates of visit as per tour programme	Name of members of inspecting party	Months selected for detailed audit inspection
1	2	3	4	5	6

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Date of actual completion of inspection	Date of receipt of reports at Hqrs.	Date of approval of inspection report	Date of issue of inspection report	Remarks, if any
7	8	9	10	11

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FORM CS(IA) - 10

(Referred to in Para 14.7.1)

CONTROL REGISTER OF OUTSTANDING INSPECTION REPORTS/PARAS

Name and complete postal address of Office.....

Paras settled

S.No.	Period of accounts audited	Dates of audit	No. and date of the letter under which report issued	No. of paras	Month of settlement	No. of paras settled	Paras outstanding	Report wise breakup of the outstanding paras	Remarks
1	2	3	4	5	6	7	8	9	10

**FORM CS(IA) - 11**

**(Referred to in Para 14.6.4)**

**Kendriya Vidyalaya Sangathan  
18, Institutional Area  
Shaheed Jeet Singh Marg  
New Delhi – 16  
Phone No. 011-26858570**

Dated the

To,

\_\_\_\_\_  
\_\_\_\_\_

Subject : - Inspection Report on the accounts of \_\_\_\_\_(name of Unit) for the year  
\_\_\_\_\_ Audit Conducted from \_\_\_\_\_ to \_\_\_\_\_.

Sir/Madam,

I am to enclose a copy of the inspection report on the account of the aforesaid office conducted by Shri \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_ for your kind perusal.

2. Your special attention is invited to the following paras

Para No.	Brief Particulars.
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3. Para wise comments on the points raised therein may please be furnished to the undersigned within a month of the receipt of this report.

4. A few cases of incorrect fixation of pay have been pointed out in the report. It may please be ensured that pay of these officials is correctly drawn from this month onwards and steps taken to recover the overpayment under intimation to the Internal Audit.

Yours faithfully,

Finance Officer (RO) / Section Officer (HQ)

**FORM CS(IA) - 12**

**(Referred to in Para 14.2.7 and 14.9.1)**

**Kendriya Vidyalaya Sangathan  
18, Institutional Area  
Shaheed Jeet Singh Marg  
New Delhi – 16  
Phone No. 011-26858570**

Dated the

I. The state of work report in respect of the office for the month of .....is as follows:

Annual      Biennial      Total

- i. Nos. of previous years units outstanding as on.
- ii. No. of current years units due for inspection till
- iii. Total of (i) & (ii)
- iv. No. of units inspected till
- v. No. of units remain to be inspected as on

II. No. of units/objections not settled within six months of issue of inspection reports are as follows:-

Year

<b>Year</b>	<b>No. of Units</b>	<b>Year wise breakup</b>	<b>of outstanding paras</b>	<b>Action taken</b>
1	2	3	4	5

**FORM CS(IA) - 13**

**(Referred to in Para 14.7.2)**

Report of outstanding paras for the month of \_\_\_\_\_201 \_\_\_\_\_

(Incorporating Inspection Reports issued three months earlier)

**I. Opening Balance**

Addition ( Inspection Report issued upto\_\_\_\_\_)

Total

Clearance (upto the end of the month of report)

Closing Balance

1.

2.

3.

4.

5.

1. Paras

2. Money value

3. Test Audit Nots

**II. Break-up of Outstanding Paras**

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Year	No. of units	No. of outstanding Paras
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1.

2.

3.

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**FORM CS(IA) - 14**

**(Referred to in Para 14.9.1)**

Quarterly Reports of Test Audit Notes from Statutory Audit from \_\_\_\_\_ to \_\_\_\_\_

The quarterly report for the quarter ending \_\_\_\_\_ is as under:-

1. Test Audit Notes ( less important objections) received during .....to..... from statutory Audit Officer in Internal Audit Wing.
  
2. Progress regarding objections included in the Test Audit Notes (less important objections) issued upto ..... and sent to concerned.

Test Audit Notes pending in

Internal Audit from \_\_\_\_\_ to